

# COMMERCE

M A G A Z I N E

FEBRUARY, 1948

25 CENTS



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Reuben H. Donnelley photo

When the coins flood in on premium offers, mechanical counters are needed

**\$1,000,000,000 IN GADGETS—THE BOXTOP BOOM IS BACK—See Page 13**





## **"Listen, Biddy! The hen that lays is the one that pays"**

These are difficult times for men and women in the poultry and egg business. During the war years about 5½ dozen eggs bought 100 lbs. of feed. In 1946 it took approximately 7½ dozen eggs, and this year it takes 8½ dozen. A hen has to 'tend to business to earn her keep.

The factors that determine total production and total demand for eggs, butter, poultry and all agricultural products are a kaleidoscope—changing from day to day and sometimes from hour to hour. As supply and demand ebb and flow, prices and values always change.

Fortunately for American agriculture and business, national news and opinion on the futures outlook for butter and eggs focuses in one place—on the floor of the Chicago Mercantile Exchange.

Here the producers and users of eggs can anticipate their needs and buy insurance for months ahead to protect themselves against price fluctuations. Were it not for these facilities, fluctuations would be greater—and distribution of these products would be greatly hindered.

In 1947 producers and users of butter, eggs and poultry in practically every state in the Union used Exchange facilities. It is, in fact, the national market place for butter, eggs and many other commodities.

*For information about trading, prices and names of Clearing Members and Sub-Brokers, write for our leaflets on Butter and Egg Futures—gladly sent without obligation.*

### **CHICAGO MERCANTILE EXCHANGE**

110 North Franklin Street Chicago 6, Illinois

**THE NATION'S  
MARKET PLACE  
FOR EGGS, BUTTER AND  
OTHER COMMODITIES**



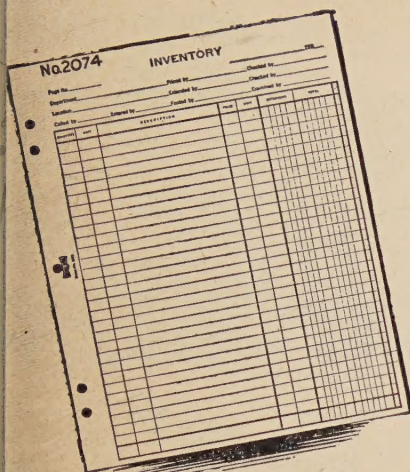
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## OFFICE SUPPLIES

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FOR DESKS AND OFFICE  
FURNITURE

### Come, write, phone to Horder's



**Inventory Sheets:** Good Quality in  
Pads of 100. **No. 2074** Per 100 . . . \$**60**  
Size 12" x 9½" Per 1000 . . \$**5.50**



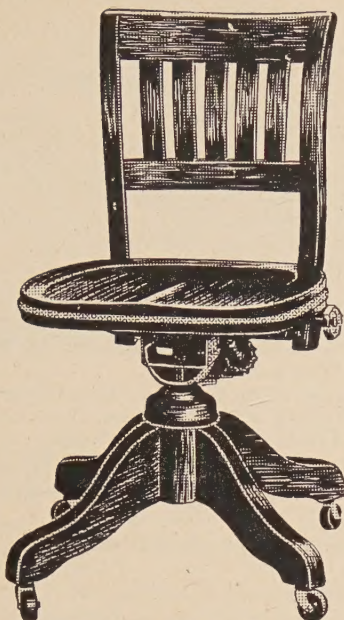
**Pronto  
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Transfer Cases:**  
Very Practical and Economical.

Cat. No.	Size	Each	Lots of 6
<b>1210L</b>	Letter	<b>\$3.75</b>	<b>\$19.80</b>
<b>1510L</b>	Legal	<b>4.75</b>	<b>25.10</b>

Also Available—Complete Liberty Storage  
Case Line.

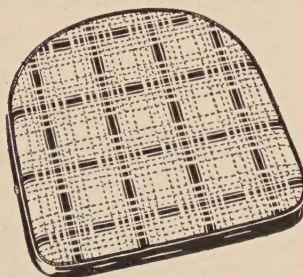


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fit body. Height of back above seat: 16½ inches.  
Sitting depth of seat: 15 inches. Width of seat:  
16½ inches. All metal mechanism. Available  
in oak or walnut finish. Specify finish desired.

**No. 84 Each \$21.25**



**Chair Cushion:** Filled with 1¼ inch  
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ible—one side durable Leatherette, other side  
smart plaid Panama Fibre. **No. 32 . . . \$5.50**

## HORDER'S, INC.

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60 East Adams

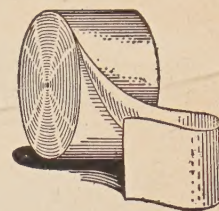
111 West Adams  
225 South Jefferson

184 North Wabash  
149 East Ohio

Merchandise Mart  
324 South Dearborn

**Office Furniture Store (lower level) 111 West Adams**

★ All Telephones FRANKLIN 6760 • Mail Orders — 231 South Jefferson Street, Chicago 6, Illinois ★

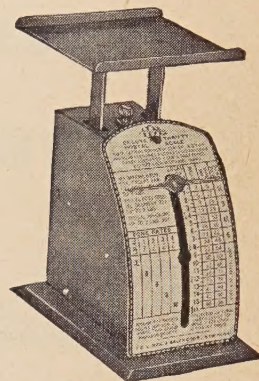


**Adding Machine Rolls:**

**No. 5291, Green Tint.**  
\$2.75 Dozen; Case 100, \$17.45

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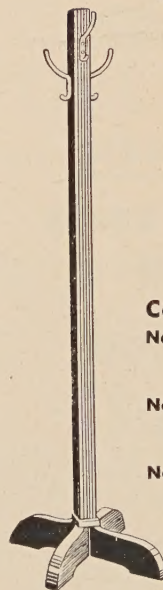


**I. D. L. Scales:**

**No. 700 "THRIFTY"**  
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2½ lb. capacity . . \$5.00  
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**Costumers:**

**No. 100** Post 2" square,  
base 22" wide, 5" high,  
1½" thick . . . . . \$8.35  
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base 22" wide, 5" high,  
2" thick . . . . . \$11.65  
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base 22" wide, 5" high,  
2" thick . . . . . \$14.50  
100 and 200 are stocked in  
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**HORDER'S, Inc., Dept. 48, 231 S. Jefferson Street, Chicago 6, Illinois**

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Number

Item

Quantity

Price

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☐ Ship  
C. O. D.

Name

Address

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nearly  
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**UNITED  
AIR LINES**

"CHICAGO'S OWN AIRLINE"

## STATISTICS OF

# CHICAGO BUSINESS

	December, 1947	November, 1947	December, 1946
Building permits.....	540	554	35
Cost.....	\$9,652,600	\$12,616,900	\$5,531,700
Contracts awarded on building projects, Cook Co.....	732	891	51
Cost.....	\$25,041,000	\$50,860,000	\$9,382,000
(F. W. Dodge Corp.)			
Real estate transfers.....	6,054	6,050	5,400
Consideration.....	\$7,557,567	\$5,795,094	\$7,072,000
Retailers' Occupation Tax collection, Cook Co.....	\$7,932,957	\$7,420,264	\$6,746,200
Department store sales index.....	393.2 <sup>1</sup>	305.9	357
(Federal Reserve Board)			
(Daily average 1935-39 = 100)			
Bank clearings.....	\$3,445,539,494	\$3,111,043,378	\$2,999,110,000
Bank debits to individual accounts:			
7th Federal Reserve District.....	\$17,385,000,000	\$14,741,000,000	\$14,766,000,000
Chicago only.....	\$9,369,527,000	\$7,842,355,000	\$8,094,689,000
Chicago Stock Exchange transactions:			
Number of shares, stocks.....	628,000	441,000	797,000
Market value of shares traded.....	\$17,112,903	\$12,704,169	\$20,094,700
Railway express shipments, Chicago area.....	2,540,764	2,092,568	2,774,380
Air express shipments, Chicago area.....	73,506	55,699	75,600
L. C. L. merchandise cars.....	30,122	29,587	31,400
Originating long distance telephone messages.....	3,194,171	4,740,069	4,930,600
Electric power production, kwh.....	1,040,005,000	958,595,000	928,749,000
Cash fares originating on Chicago Transit Authority Lines:			
Surface Division.....	75,161,227	70,532,686	78,113,300
Rapid Transit Division.....	13,242,704	12,045,391	12,798,600
Postal receipts.....	\$10,734,409	\$8,654,577	\$9,318,600
Air passengers:			
Arrivals.....	76,809	85,810	106,310
Departures.....	80,182	86,469	100,020
Consumers' Price Index (1935-39 = 100)...	..... <sup>2</sup>	168.3	153.0
Live stock slaughtered under federal inspection.....	852,821	793,961	710,470
Families on relief rolls:			
Cook County.....	13,125	12,616	10,540
Other Illinois counties.....	13,236	12,425	12,090

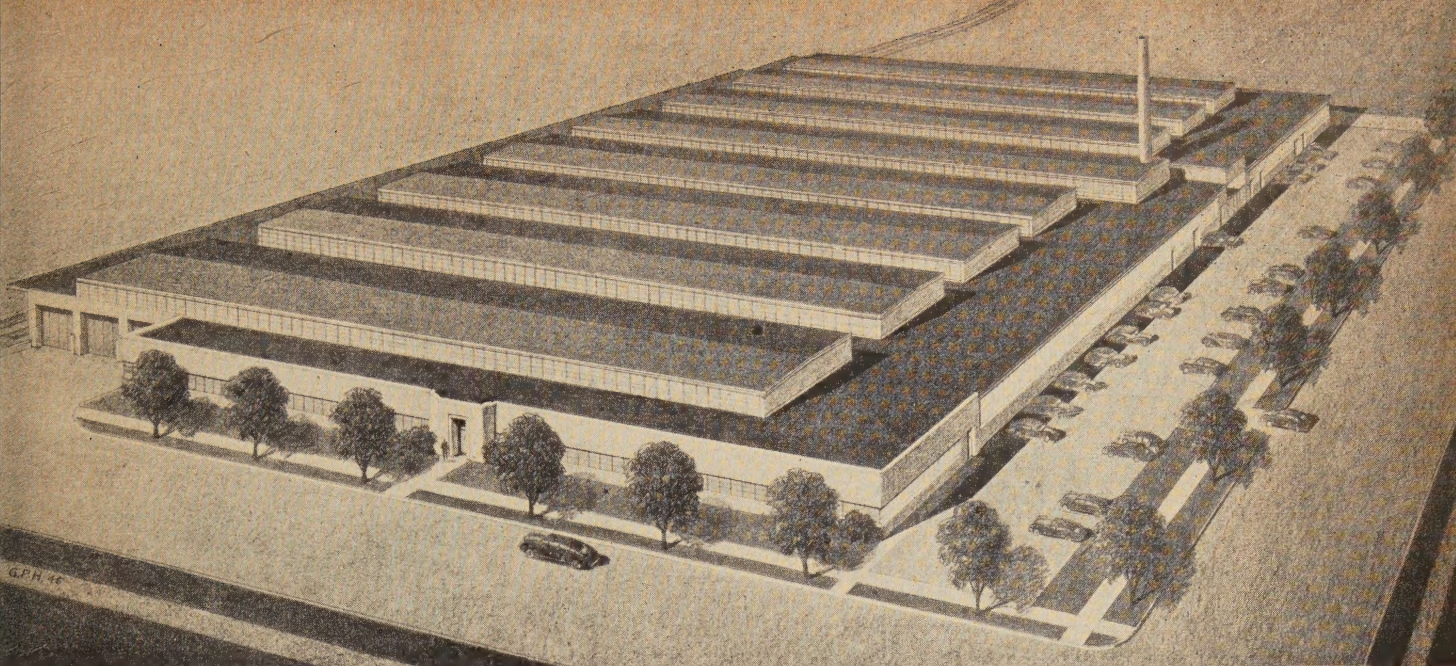
<sup>1</sup>—Preliminary figures.

<sup>2</sup>—Latest index figure is November in adjoining column.

## MARCH, 1948, TAX CALENDAR

Date Due	Tax	Returnable To
10	Employers who withheld more than \$100 during previous month pay amount withheld to	Authorized Depository
15	File return for federal income tax withheld at source. (Forms 1013 and 1042). Payment of tax on or before June 15	Collector of Internal Revenue
15	Final 1947 income tax return (individuals) and settlement of 1947 income taxes (Forms 1040 or W-2 Rev.)	Collector of Internal Revenue
15	Federal income tax (calendar year basis). Full payment or payment of first quarterly installment. Corporations, Form 1120; Partnerships, Form 1065; Fiduciaries, Form 1041	Collector of Internal Revenue
15	Declaration of 1948 estimated tax by individuals and payment of one-quarter of tax in excess of estimated withholding	Collector of Internal Revenue
15	Illinois Retailers' Occupation Tax return and payment for month of February	Director of Revenue
31	Federal Excise Tax return and payment due for February, 1948	Collector of Internal Revenue





Sterling Tool Products Co.

# TWO INDUSTRIES NOW OPERATING in the North Avenue District

Clearing Industrial District, Inc., has three modern industrial districts located in Chicago, two adjoining the southwest border and one adjoining its northwest border. The company offers the services of a complete engineering and construction department, architect and financing on either a long term lease or purchase contract; in short, every detail toward a completed project.

Detailed information as to location, cost of land, cost of construction, plant design and layout and financing may be obtained by a call to Clearing's Office.

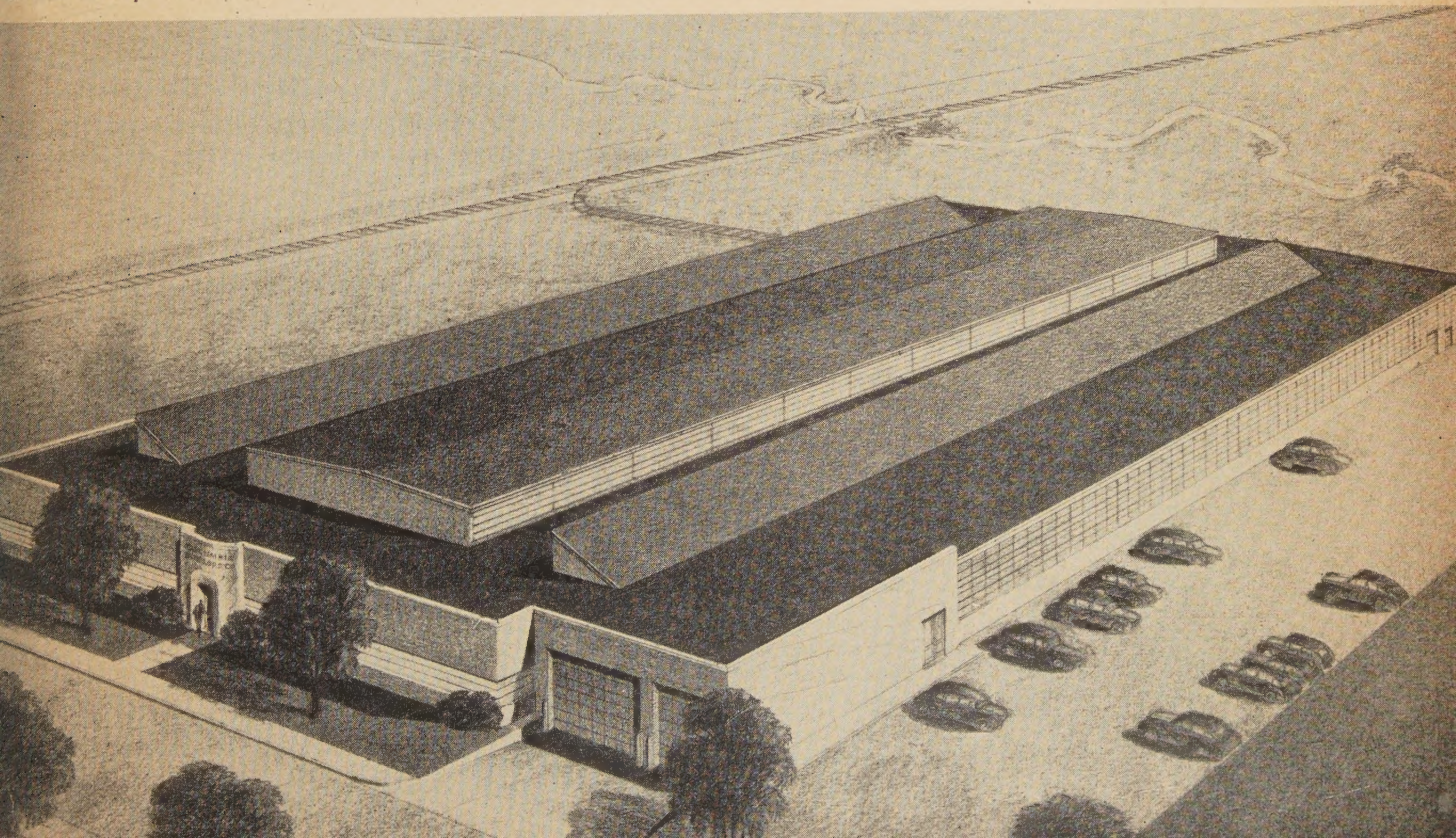
## CLEARING INDUSTRIAL DISTRICT INC.

38 So. Dearborn Street

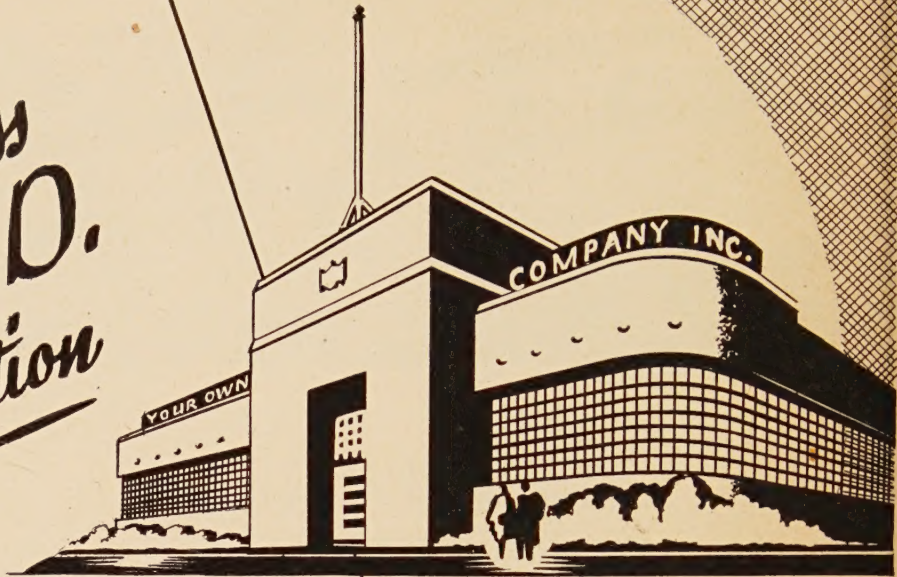


Randolph 0135

Columbia Envelope Co.





*Malquist***MEMO***Discuss  
C.M.D.  
Location*

The industry which would succeed under the new efficiency standards imposed by present conditions must look, more than ever, to the economies inherent in advantageous location. Like an individual, an industry thrives better in a community. In company with others it can enjoy collective advantages seldom vouchsafed to the concern located apart.

The Central Manufacturing District was conceived as such a modern industrial community in which the necessities for successful plant operation would be provided. Here industry is given adequate utilities, Chicago Junction Railway service, community advantages and the aid of experts in the science of industrial design and construction.

The Trustees, moreover, have ample resources to finance land and buildings under lease or control of purchase at agreeable terms. This means your industry can enjoy facilities custom built without sacrifice of reserves or complications. To capitalize this opportunity simply discuss your needs with the —

## Central Manufacturing District

ARTHUR G. LEONARD

• FREDERICK HENRY PRINCE •

W. WOOD PRINCE, Trustees

Richard Hackett, General Manager

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38 South Dearborn Street

CHICAGO 3, ILLINOIS

RANdolph 2235



# COMMERCE

## M A G A Z I N E

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### In This Issue—

The old adage warning against putting "all your eggs in one basket" has now become a working rule for many leading manufacturers. Businessmen, bent on diversification, are adopting new products and searching out new customers and markets. *COMMERCE* views this significant postwar trend in an article on page 15, which includes some precautionary hints that may prevent the adage, in its modern dress, from becoming a headache.

You can "operate" a farm in a painless, but nonetheless profitable, fashion right from your downtown office. William Goettler tells how in an interesting discussion of "Farm Managers," a new professional group that makes farm ownership an enjoyable and enriching preoccupation for the businessman. It begins on page 18.

Premiums, a tremendously powerful selling device before the war, are back again and going strong. Now, however, business is using premiums not only to sell soap and cereal, but to prod employes to produce more, exercise greater safety, and reduce absenteeism. The subject is explored by Herbert Fredman in an article beginning on page 13.

The Marshall Plan, which is now steady diet for businessmen, receives a searching appraisal by one distinguished businessman in *Commerce's* "Speech of the Month." Beginning on page 21, Ex-President Herbert Hoover offers his prescription for world economic recovery.

Industrial designing is an increasingly powerful tool of modern business management, yet it is sorely misunderstood by many executives. Some reasons for the misunderstanding are discussed in an article beginning on page 20 by Lewis A. Riley, new associate editor of *COMMERCE*.

On page 17, George Root, *Commerce* Washington correspondent, rounds up the loose ends of the nation's peacetime mobilization program in an article explaining what is being done and why to keep our industrial community prepared.

Coin machine manufacturers are dreaming up new ways to separate you from spare nickels and dimes. An article telling what you may now expect from the creators of juke boxes and pin ball games appears on page 25.





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## ■ Cautious Capital

ACCORDING to figures compiled by the Commercial and Financial Chronicle, investors were less willing to put their savings into new equity securities in 1947 than they were in 1946. The financial magazine's compilation shows that out of a total of \$4,640,000,000 in new security issues which were absorbed last year, only \$1,200,000,000, or approximately one-fourth were stock issues. The remaining three-quarters was represented by bond and note issues. In 1946, of the new securities sold, approximately \$1,450,000,000 was represented by stock issues and \$1,000,000,000 by bonds and notes. It is noteworthy that in 1929, when a huge amount of corporate financing was undertaken, \$6,000,000,000, or approximately three-quarters, of the total was represented by stock issues.

Even with a business boom in progress and corporate earnings at a record high level, investors last year favored the role of creditor over that of equity owner and enterpriser. This is not a particularly encouraging sign for an economy in which the mainspring is risk-taking for profit. If equity securities are not more marketable than fixed obligations in years of booming business such as 1947, either the enterprise spirit has grown very feeble or the immediate national and international conditions are causing unusual timidity. It is to be hoped that the latter is the case and that a change in circumstances will soon give equity securities some of their old attraction. Meanwhile, the bright spot in the financing picture remains the high level of earnings. Last year business was able to plow back into equity capital several times the amount obtained from new financing by retaining a large percentage of its record earnings for the year.

## ■ France Faces Realities

THE government of Premier Robert Schuman of France is to be highly commended for devaluing the franc. This action, in the face of opposition from Great Britain and the International Monetary Fund, took political courage of the same order the Schuman government showed in levying new taxes and attempting to bring the French budget into balance after years of deficit spending.

Why the move was opposed by Britain, the Fund, and apparently the U. S. Treasury is a mystery. There has long been a flourishing black market in the franc. The nation's exports have been declining seriously. Hoarding of goods to avoid holding francs had, according to all reports, become a national custom with the French people. More conclusive evidence that the franc was overvalued

and seriously damaging France's efforts to rebuild her economy would be difficult to find.

American taxpayers should cheer the devaluation and hope it is sufficiently drastic. If the cut proves to have been deep enough it should, in combination with the other realistic actions of the Schuman government, set the stage so that the aid the United States is extending to France will eventually be effective in restoring the country's economy to a self-sustaining basis. Soundly valued currencies and balanced government budgets are prerequisites to strong economies.

If some of the other Western European nations which have been suffering from the same ailments as France will follow her lead, it would be all to the good. The chances of the Marshall Plan achieving both its economic and political aims would be greatly improved by such action.

## ■ Tax Gag

WHEN President Truman proposed that federal taxes on individuals be cut by approximately \$3,000,000,000 and that a corresponding increase be made in taxes on corporations so that the federal revenue would not be affected, he didn't go far enough. If by the simple expedient of boosting taxes on corporations the tax burden of individuals could be reduced, why doesn't he recommend that we go all the way and put the whole \$40,000,000,000 tax load on business.

The answer is, of course, that shifting taxes from individuals to corporations doesn't take one penny of taxes off the total that is eventually paid by individuals. Corporations merely add taxes into their costs and pass them on to the ultimate consumer. In fact, a tax on business may in the end cost the consumer much more than the government actually collects. This results from the fact that the various businesses in the chain from manufacturer to retailer each add their mark-up on the basis of the price they pay for goods, which includes the taxes of all earlier elements in the chain. Even if a business is operating in the red whatever taxes it must pay come out of the investment of the individuals who, directly or indirectly, provided the concern with capital.

It may be so long since the President operated a retail store that he has forgotten these hard realities of the actual incidence of taxation. It may also be that he was thinking of next November. In either case, however, it is fortunate that Congress shows no disposition to accept his proposal.

*Alan Sturdy*



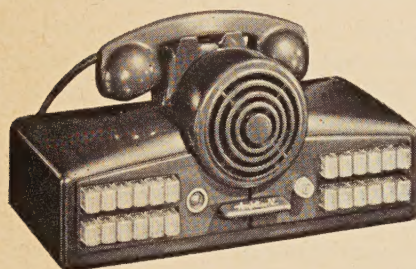
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# HERE-THERE and EVERYWHERE

• **Big Steel Capacity Up**—Although disagreement over an adequate peacetime steel production level goes right along, the steel people are, in fact, raising their mill capacity substantially. As of January 1, United States Steel Corporation reached an annual rated steel ingot and castings capacity of 31,226,200 net tons, marking an increase of almost 3,500,000 tons since 1940. Blast furnace capacity was up to 24,860,000 tons, an increase of more than 11 per cent. Figuring in obsolete facilities taken out of production after intensive war use and other mills since sold, however, Big Steel's actual eight-year capacity rise amounts to 7,537,600 net tons or 27 per cent.

• **Plywood Prices May Ease**—The price of plywood, one of the most critically short building materials, may skid downward if the nation's new anti-inflation bill permits manufacturers to limit resale markups, Lawrence Ottinger, president of United States Plywood Corporation, predicts. Extremely high prices to consumers are partially due to exorbitant markups by distributors, both legitimate and illegitimate, Mr. Ottinger declares; hence, manufacturers have had little incentive to cut mill prices and merely boost distributors' profits. Meanwhile, he adds, new plant capacity this year is not likely to increase plywood production by more than 10 per cent.

• **Foreign Travel Boom**—Americans are visiting foreign nations at the greatest rate in history. Despite transportation shortages, 217,344 U. S. civilians received passports in fiscal 1947; some 228,000 are expected to receive them this year. To build the boom even higher, the State Department is out to cut red tape by encouraging foreign countries to scrap visas or withdraw the fees at least. Already, Denmark, Switzerland, Holland, Norway, Sweden, and Luxembourg have eliminated the annoying papers entirely.

• **King Sized Smoke Rings**—It is reliably estimated that something like 370,000,000,000 cigarettes were manufactured in the United States last year. That not only set a new record, but—simple arithmetic shows—if all the cigarettes were laid end to end (king sizes notwithstanding) they would extend for 16,000,000 miles

or, geographically-conceived, 640 times around the earth's equator. This sort of economics, which only a federal budget planner could adequately visualize, merely emphasizes that for the eighth year running we have hiked cigaret production, this time by about five per cent over 1946.

• **Atomic Progress**—General Electric Company believes it will be a while yet before peacetime atomic-power plants become a reality. "It will be several years before a small-scale pilot plant is in operation, and many more before the first full-scale plant begins to function," the company predicts. Meanwhile, GE is digging into the problems that must first be solved. Examples: What is the best type of nuclear fuel? What material is best suited for "moderating" (or slowing down) the neutrons during the atom-smashing process? What should be used as the heat-transfer medium to carry off heat generated in the atomic pile? As one result of this research, GE has completed a 10,000,000-volt betatron for the Navy, which in peering through 10 inches of steel will X-ray castings and weldments of naval guns and armor plate.

• **Potters' Paradise**—The nation's potters last year ground out about half a billion items of dinner, oven and hotel ware to set a new peacetime record for the industry, but it was barely enough to scratch the surface of postwar demand. Although the importation of foreign ware is slowly creeping up, due partially to recent tariff reductions, domestic potters believe it will take three or four more years to catch up with demand in this country. Modern colors, patterns, and shapes, incidentally, have given the industry its biggest boom in years.

• **Technicolor Bubbles**—The bubble-gum industry, already a \$5,000,000 business, is now prepared to blow the bubble somewhat bigger through the application of color. If the industry grossed five million with one color, it is hard to say where it may wind up with red, yellow, and blue bubbles. And—with accomplished lungs—there is the additional possibility of multi-colored bubbles, a feat

(Continued on page 44)





"I'm Western Electric.  
I back up your  
Bell Telephone  
Service with  
equipment and  
supplies."

## There's a good reason why **WESTERN ELECTRIC** is in this family circle

Western Electric is a member of the Bell System family circle for exactly the same reason that your local Bell Telephone company is a member—to assure the close *teamwork* that is essential for efficient, economical, nation-wide telephone service for you.

As the supply member of the family, Western Electric makes telephone equipment, buys all kinds of supplies, keeps these things in stock at 29 distributing

houses for delivery to the telephone companies, and installs central office equipment.

This *unified* service of supply results in many economies to the Bell Telephone companies and, in turn, to you who use the telephone.

Since 1882, Western Electric has been a member of the Bell Telephone family—helping to make your service the world's best at the lowest possible cost.

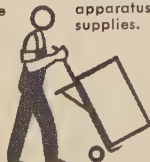
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A UNIT OF THE BELL



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**your center  
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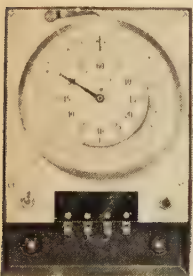
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## Trends in FINANCE and BUSINESS

### Business Failures Holding Near Record Low Level

Business failures during the latter months of 1947 reached an annual rate somewhere near 4,000, the Department of Commerce finds. But the government agency sees little cause for alarm, recalling that more than 1,400,000 new enterprises have been launched since December, 1944.

Casualties, however, are rising sharply from the historically low figure of 800 in 1945, and the department believes they are almost certain to continue up this year. Nevertheless, even 4,000 failures evidences a decidedly favorable business climate.

Skipping the abnormal period since 1943, the level of failures last year was lower than in any other year since 1871. Some 14,800 companies bowed out in 1939; 13,600 in 1940; and 11,800 in 1941.

Since 1945, manufacturing ventures have enjoyed a somewhat briefer life expectancy than have other major lines. It is noteworthy that from 35 to 40 per cent of the failures in 1946 and 1947 were in manufacturing, as against less than 20 per cent in the years before the war. In 1940, manufacturing failures were only 18 per cent of the total.

However, the only really bad feature the Department of Commerce sees in last year's mortalities was the painfully high debts left by departing companies. In the third quarter of 1947, their liabilities reached an annual rate of \$248,000,000—about eight times the 1945 figure and nearly 40 per cent above the 1939 peak of \$180,000,000.

« « » »

### What You Buy Sets The Value Of Your Dollar

At a time when most people are mourning the deflated buying power of a dollar bill, the Life Insurance Institute has culled some statistics indicating that the rubber content of the dollar really depends on what you are buying.

As of November, the American consumer was exchanging a 61-cent dollar (in terms of 1935-39 buying power) to meet basic living costs, thereby establishing what is generally regarded as the

current "purchasing power" of the dollar.

But, the institute notes, when the consumer was buying clothing or home furnishings, his dollar abruptly shrank to 53 cents. In the grocery store, it slid down to 50 cents.

Bad as this was for the consumer, the average businessman was considerably worse off. His dollar in the raw material market was worth a meager 44 cents, since the aggregate wholesale price of industrial raw materials had risen 150 per cent over 1939.

In the labor market, the businessman's dollar was almost as shrivelled. Based on the purchase price of man hours in 25 manufacturing industries, his dollar was worth 48 cents. In building and expanding plant facilities, the dollar was worth 51 cents.

This variation in the dollar's buying power emphasizes not only "the complexity of the inflation problem," the Institute believes, but also "that one of the great contributions to the nation's current efforts to keep prices in check would be a lowering of production costs through increased productivity and greater output."

« « » »

### Coming Up...

### A New Yardstick For Businessmen

Business has had more than its share of government questionnaires to wrestle with, but there's one more—either on your desk right now or on the way—that deserves special attention.

It is part of the 1947 Census of Manufacturers, industry's own factual appraisal of itself, which is being conducted for the first time in eight years by the Census Bureau. In this commendable effort to determine exactly what makes our war-inflated business community tick, the census people promise "a complete, clear picture of the changes that have occurred in the industry of Illinois and the whole country" since 1939.

Two hundred different reporting forms are being utilized to adapt survey questions to many kinds of businesses. Generally, they will be aimed at these principal problems. How much did industry produce in 1947? With

(Continued on page 34)



# In Northern Illinois . . .

there's a

"Youth Movement" that means success



*Kathryn McKinley, Frankfort, Will County, Illinois, and "Champ," her Hereford Champion (Feeder Division) at the 1947 International Live Stock Show.*

The young people from Northern Illinois farms are consistent winners in the various competitions at the great International Live Stock Show held in Chicago. In the last 5 years, hundreds of boys and girls from farms in this area have won important national awards in junior and open divisions. They are preparing themselves to carry forward the traditions of fine farming that have brought Northern Illinois to national leadership in so many phases of agriculture—that have made it the hub of an area that produces 40% of America's farm output.

In Northern Illinois, 96% of the farms have electricity available. Close cooperation of our Agricultural Engineers with Northern Illinois 4-H Clubs and Future Farmers of America, agricultural extension

agencies and with farm operators themselves has made it possible for farmers in this area to get the utmost usefulness from electrical service. This cooperation has also resulted in originating and developing many unique and practical applications of electricity to farm labor-saving and farm home convenience. Among these are electric barn cleaners, silo unloaders, electric hay and corn driers, barn and chicken house ventilators, water warmers for poultry and stock, dairy water heaters and pasteurizers and dozens of ingenious labor saving uses of portable motors for farm chores.

These are contributions to the leadership of Northern Illinois agriculture and to the fuller life of Northern Illinois farmers. Our companies are very proud to have shared in them.

Visit the CHICAGO TECHNICAL CONFERENCE and PRODUCTION SHOW  
March 22-23-24 • Stevens Hotel • See Chicago's Technical Know-How on Display

## TERRITORIAL INFORMATION DEPARTMENT

Marquette Building—140 South Dearborn Street, Chicago 3, Illinois—Phone RANdolph 1617

COMMONWEALTH EDISON COMPANY • PUBLIC SERVICE COMPANY OF NORTHERN ILLINOIS  
WESTERN UNITED GAS AND ELECTRIC COMPANY • ILLINOIS NORTHERN UTILITIES COMPANY





Accommodating coupon-senders is big business

*Reuben H. Donnelley Corp.*

*With Premiums—Almost Everything For Almost Nothing*



# \$1,000,000,000 In Gadgets— The Boxtop Boom Is Back!

By

HERBERT FREDMAN

IF YOU can manufacture, for about nine cents each, several million Super-Atomic belt buckles, with hot and cold Cosmic Rays and a built-in Disintegrator, some of the nation's leading business firms would like to meet you. These concerns are constantly seeking premiums that will boost the sales of their products. They have found premium offers—when properly executed—so compelling that this year, it is estimated, more than \$1,000,000,000 worth of merchandise will be given away, or sold at a ridiculously low figure. And the nice fact about the whole situation is that these philanthropic premium gestures, generally speaking, don't cost business a cent.

"Philanthropy" is not too strong a word to use about the premium business. If a housewife were to go out and buy a good kitchen paring knife, for example, it would cost her considerably more than the small sum (plus the wrapper from a cake of Love-Your-Hands Soap) demanded by the premium advertiser. And in all of the other facets of premium distribution—in the stimulating of salesmen, the reduction of factory absenteeism, or the boosting of dealer cooperation, to cite a few of them—the recipient of a premium is getting a desirable object at a cost ranging from the wholesale price down to nothing at all.

## Bargain at Any Price

Yet, in the peculiar economics of the premium industry, it works out that the company offering a premium is also getting a bargain. It is getting more consumer sales (or more effort by salesmen, or any of the other goals aimed at by merchandisers) at a cost below that of more conventional methods of stimulation. And experience has proved that a certain amount of the enthusiasm engendered by a premium offer sticks—in permanent new customers, lastingly better employe morale, or in other ways. Premium methods used by business

vary greatly. And there is no sharp line, actually, separating a premium from various other merchandising techniques—"deals" of one sort or another. The premiums, and the methods used to promote them, vary with the type of business, with the product of the company, with the audience to be reached, and with the objective desired by the company's management. The only safe generalization about premiums is that their use by business is on the upgrade. Before the war, of course, premiums were widely used; but wartime conditions brought a sharp curtailment. Today it is estimated that premium volume is back to the prewar high point, and authorities in the field unanimously agree that in the coming period of vigorous competitive merchandising the use of premiums will climb to new high levels.

## 3,000,000 "Atomic" Rings

Here are a few examples of premium use:

A few months ago Canada Dry used premiums to boost the sales of a cola drink. The company offered a "verified 89 cent value"—a plastic bowl and six bottles of the drink—for 53 cents. The original supply of 20,000 bowls disappeared in three weeks, and in that time one-fourth of the company's bottlers had reordered the premium to bring the total to 43,000 bowls.

The bowl offer was a comparatively expensive premium. When the offers are at lower prices, and the advertising promotion is widespread, responses may run to astronomical numbers. General Mills, for example, recently offered an inexpensive "atomic" ring to promote one of its products. According to advertising trade publications, more than 3,000,000 small fry succeeded in getting their parents to buy the product so that junior could obtain this scientific marvel.

Kolynos toothpaste used a birthstone brooch not long ago to induce 500,000 persons to buy the product. Millions of

packages of Chase and Sanborn coffee were sold a few years ago by offering a spoon as a premium. It was no ordinary piece of kitchenware, however; the handle of the spoon was enriched with a bust of Charlie McCarthy, the popular radio figure.

Often, the brainstorm of individuals far removed from the premium business result in a highly successful offering. Some time ago a man sold the Reuben H. Donnelley organization the idea of making a small metal plate in which the initials of the persons requesting the premium could be affixed. The plate was shaped like the Sun Oil trademark. It was designed to be used as an emblem on an automobile, fastening above the license plate. For the privilege of displaying Sun Oil's trademark on their cars, 2,500,000 persons rushed to pay ten cents. Since there were only 6,000,000 cars in use in the territory in which the premium was offered, it was considered an overwhelming response.

The examples that have been cited are of the "self-liquidating" variety. This means that the advertiser plans to pay, for the premium, for postage, and for the handling of the mail, an amount equal to that asked for the premium. The other major premium category is the coupon type. The coupon premium is widely used by food, soap, and other merchandisers. It is also used successfully to stimulate salesmen, other types of employes, and dealer organizations. The coupon system has the advantage that, once a person starts to collect the coupons enclosed in a package or given for performing a certain task, he is not likely to stop until he has enough coupons to obtain a premium. The method, therefore, is acclaimed by advertisers as a means of holding existing customers while other merchandising tools are being used to create new users of the product.

An unusual organization was formed many years ago by firms using the coupon premium system. The group of



companies includes nine makers of non-competing items, such as Borden's evaporated milk, Mrs. Filbert's margarine, and brands of soap, coffee, tea, baking powder, macaroni and cereals. Coupons enclosed with any of these items may be combined to obtain premiums. An elaborate redemption system has been established by the group. It includes 50 stores, several thousand redeeming agencies, mail order operations, and an attractive catalog designed to spur the housewife on to bigger purchases of the cooperating items.

### Premiums Suffer Inflation

The choice of a suitable premium is not easy. There are many companies that specialize in creating and manufacturing items for premium use. These firms try to work up an item so unusual, and so obviously worth more than the price the consumer must pay, that it will be snapped up in huge quantities by an advertiser. Despite all of the effort that is given to premium design, however, an authority on the subject recently said that bad judgment in choosing premiums is the cause of most unsuccessful premium campaigns. A surprisingly large number of campaigns are failures, according to advertising experts. Choosing premiums, which has never been simple, has been complicated even more by high prices. Premiums that could be offered for ten cents before the war must now be priced at 15 cents or more. The price trend has forced most premium users to discard an old rule-of-thumb. This law held that a premium offer should be priced in a "one coin" manner—five, ten, 25 or 50 cents, for example. Today, 15 cent premiums are common and many have been priced at 35 or 75 cents.

Successful premiums that have been used include foreign postage stamps, scissors, calendars, magnetic compass rings, books describing tricks of magic,

aluminum coffee makers, "three-way" earrings, bibs, razorblades, flower seeds, and \$12.50 electric clocks. In choosing premiums for children, imagination may be given full play; gifts for housewives must be practical, or appeal to vanity; and premiums used inside an organization must usually be nationally known items of considerable value.

One value of the premium method of sales promotion is that it can be tested easily. A premium, for example, may be offered on one radio station for a limited period. Returns are then tabulated, and projections made to determine how much advertising effort, and how many premiums, will be needed to achieve the desired result. In this same manner, an advertiser can prevent an overwhelming flood of responses—by carefully spacing the advertising appeals so that the campaign can be "turned off" at will.

Proof that a carefully planned premium offer is effective, of course, is provided by the list of advertisers that repeat premium offers year after year. Most of the large meat packers, soap makers, cereal processors, and beverage firms have used premiums for many years. The method, in fact, dates back almost a century, to one B. T. Babbitt. He got the idea of slicing long bars of soap into cakes and offered pictures in exchange for the wrappers.

### A Post Office Deluge

Processing the mail for a self-liquidating premium advertiser is a big business in itself. At least two major concerns—R. L. Polk and Company, and Reuben H. Donnelley Corporation—are in this field, along with a host of smaller operators.

Generally, the processors have nothing to do with the selection of the premium or with the promotion. Their activities start with the arrival of the responses at the post office. Often the processing firm provides lock boxes at the post

office for the mail. If the advertising media used were "keyed" to indicate responses to various publications or radio stations, the processor first sorts the mail by code numbers.

If the cost of the premium is small—say 15 cents or less—the letters are then opened by machines. On higher priced deals, to make sure that each response includes the right amount of money, the mail must be opened by hand. Usually the advertiser indicates which of the methods is to be employed; he pays more, of course, if each piece of mail must be opened by hand.

### Money-Senders Are Cautious

Removing the money from the mail is not as simple as it sounds. Cautious persons often fasten the money tightly, to make sure that it is not lost. Many use cellophane tape, which makes removal of the money a major engineering job. A Donnelley executive estimates that about 60 per cent of the requests that arrive for children's premiums have the money done up in "Scotch Tape," which more than doubles the handling cost. One clever lad recently sent the coins for a premium embedded in a ball of wax. Others fasten the money to the letter with chewing gum or wood glue. Coins that have been sewed into a paper or cardboard container are also common.

Along with checking the money, the processor must also qualify the responses for "proof of purchase" by checking to see that the box top or other required identification is enclosed. A check to see that names and addresses are properly enclosed before the envelopes are thrown away, is also made. Throughout the processing operation detailed records are kept for the information of the advertiser. Since it is a "piece work" operation also, records are kept to determine the processor's fee.

On a typical large campaign, from  
(Continued on page 43)



A paradise for the premium hunter is this "Incentive Center," where alluring merchandise spurs employee contests



For the privilege of displaying this trademark, 2,500-000 premium-loving motorists paid ten cents each

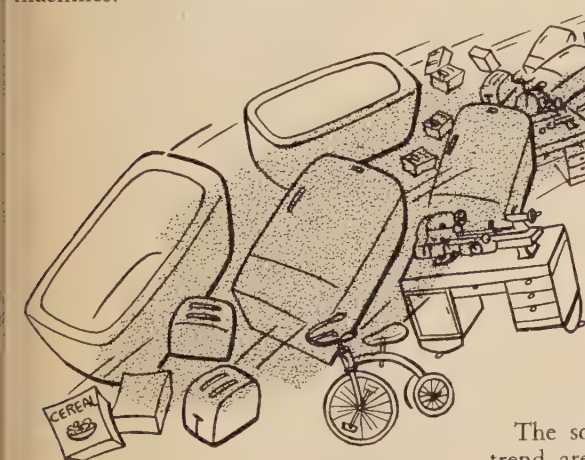


**N**EVER before has American industry labored more diligently to distribute its corporate eggs among so many baskets.

A wholesale trend toward product diversification has seen capital goods producers swinging into consumer lines, and manufacturers of consumer goods multiplying their assortment of saleable merchandise. In the vanguard of the drive are the research analysts, engineers, and sales experts, all busily ransacking consumer and industrial markets for new productive ventures.

Evidence of the diversification furor is turning up daily:

- One of the nation's oldest machine tool builders has moved into production on heavy earth-moving and textile machinery. Another has branched into the building of printing presses and bottling machines.



are now merchandising a vast array of industrial and consumer goods. The list of diversified products runs all the way from heavy industrial chemicals to sporting goods.

The sources of today's diversification trend are not hard to uncover. In the first place, resourceful business management is searching for ways in which to keep war-expanded plants at near-capacity levels of production. Obviously, plants that built bombing planes and rockets have either to find new fields

ciple that a diversified manufacturer is likely to fare better during a recession.

As the president of one highly-diversified corporation puts it:

"In the months immediately ahead, industry is likely to be confronted by a series of minor 'recessions.' Demand will slacken in individual lines while others continue to prosper. After the final competitive shakedown, we will see some industries spring back first. In any case, the diversified producer is likely to be last in and first out of any business setback."

The fact that more companies than ever before are diversifying is evidence of the increasing acceptance accorded the idea that diversification may serve as a prop against lagging demand in one industrial field, one geographic market, or within a single consuming group. After stating the principle, however, businessmen best versed in the intricate matter of diversification haul out the warning signs.

John H. Kraftt, assistant to the presi-

dent of Borg-Warner Corporation, once only an autowire maker which after 20 years of constant diversification now turns out over a hundred major products in 22 operating divisions, says:

"In industry as elsewhere, the other fellow's pasture always looks greener.

## Industry's Search For Greener Fields

or roll down their factory doors.

But the current drive for diversification goes deeper than this. It is one more symptom of the restlessness that cuts through industry during a period of top-heavy inflation. It is especially popular right now because of the accepted prin-

- One of the Midwest's biggest farm implement makers has edged into the consumer field with a home freezer. More domestic appliances may follow.

- An aircraft manufacturer, sniffing a virgin market, has come up with a curious new wheelbarrow—equipped with three wheels, a motor, and aptly tagged the "prime mover."

- A top can manufacturer has quietly branched into a half a dozen new fields, including housewares, plastics, insulation, and bottle caps.

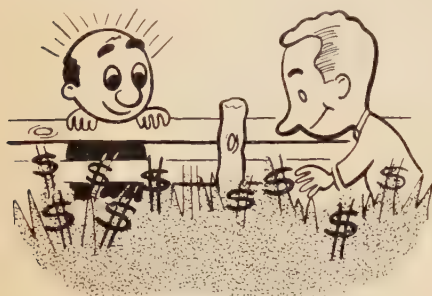
- A flour miller is now marketing electrical appliances and vitamins along with his conventional breakfast foods and biscuit mixes.

- Meat packers, once concerned solely with the processing and sale of livestock,



That makes diversification one of the most delicate problems that confronts business management. Though Borg-Warner was built on diversification, we have been successful not because every new venture was a good one, but simply because the good moves outnumbered the bad. The best management inevitably makes mistakes."

Like most companies that are old hands at diversification, Borg-Warner is ultra-conservative in the adoption of new products. "Because we are already so



In industry, too, far fields look greener

diversified," says John Kraftt, "established products are continually becoming obsolete and we must search for replacements. But the main thing we guard against is entering a field in which we have nothing to contribute either in manufacturing knowledge or efficiency."

The statement epitomizes Borg-Warner's diversification policy. Mr. Kraftt concludes, "If a company takes on a new product haphazardly, the move is almost certain to be a mistake. We have endeavored to enter only those fields where we believe we can produce something with more accuracy and workmanship than the next manufacturer. If we cannot, the step is not justified."

Diversification has been preceded by the same sort of exhaustive study by other successful concerns. Minnesota Mining and Manufacturing Company was a manufacturer of sandpaper and abrasives 20 years ago. By 1946, diversification had sent the company's annual sales beyond \$75,000,000. Ten of their new products now enjoy an annual sales volume of a million dollars or more.

Minnesota Mining, which hasn't a "mine" as such today, began diversifying when it erected a laboratory to improve sandpaper. First emerged a masking tape that answered a need of the auto industry in painting two-tone automobile bodies. Then followed the first of the "Scotch tape" family, the transparent cellophane adhesive since multiplied into a hundred different varieties.

Minnesota Mining's diversification has been a case of finding a need and filling it with a serviceable product. Thereafter the market built itself. Latest of its product innovations include "Scotch-lite," a reflector-illuminator for advertising and

safety signs that involves thousands of microscopic glass lenses, and "Safety-walk," a tough mineral-coated sheeting for non-slip walks, stairs, and ramps.

After specializing for nearly a century on producers' durables (farm implements, tractors, trucks), International Harvester Company has now stepped energetically into the consumer field. The initial entry is a home freezer but Harvester has considered several other consumer items.

Harvester's move into refrigeration began in the early Thirties when it introduced a mechanically-refrigerated milk cooler that for the first time took farmers' milk cans from the uncertain protection of well water. The milk cooler quickly attracted a nationwide market.

Harvester next began building walk-in and reach-in coolers for food preservation. They were the preliminaries to adoption of home freezers after the war. The deciding factor, say Harvester officials, was a market survey indicating that extensive electrification in rural areas had made farm people the largest unsold market for refrigeration in the nation.

It is significant that Harvester's swing to refrigeration was preceded by more than a decade of surveying, testing, sampling and analyzing. But what really favored Harvester's decision was one vital factor that has apparently escaped many another manufacturer who has helped overcrowd the home freezer field in advance of a real mass market.

### Findings of Analysis

Harvester's analysis showed this: Of all potential customers for home freezers the farmer was by far the best. As the producer of food he stood to save most by large scale home storage. He had been using preservative refrigeration for more than a decade; while he realized the advantages of the home freezer, the urban prospect had yet to be educated to its values.

That is perhaps one reason why Harvester, in concentrating on the 6,000,000 farm units, is probably selling more home freezers today than any other manufacturer in the country. "The market," as one Harvester official observes, "was tailored to the product in advance."

As added evidence of wise diversification, Harvester in marketing its first home freezers is utilizing established distribution channels, plus its rurally-aimed advertising and promotion media. It will, however, begin tapping the urban market this year through new distribution centers in principal metropolitan areas.

While some manufacturers, like Harvester, are diversifying in order to introduce more products within a specialized market, others are endeavoring to stake claims in markets entirely new to them. One is the A. O. Smith Com-

pany, Milwaukee's mass fabricator of auto frames, pipe, and pressure vessels.

Long identified with the auto industry, A. O. Smith is now at work disavowing this exclusive union. Fifteen years ago Smith's fortunes were welded to the auto industry. Thus a slump there cut into all of Smith's lines simultaneously.

Today, with water heaters and domestic stokers well into production, Smith has one leg into the consumer field. With the acquisition of plant facilities for the production of fractional horsepower motors, it has a leg in the industrial supply field. It will shortly plant another leg in the rich farm market with the introduction of a glass-coated, airtight farm silo that is assured a substantial domestic and foreign market.

"We are diversifying constantly," a Smith executive explains, "but we believe our program is realistic and well-planned. We are turning down far more proposals than we are adopting, because in the selection of new items we are staying within clearly-defined limits of diversification."

The company has devised an expansion policy which stipulates that a new item must fulfill these basic requirements:

It must be adapted to the company's mass-production program. It must utilize existing plant facilities. It must not require a radically different merchandising or distributing organization. Finally, it should not require an unreasonable outlay of capital funds.

In thus selecting items that can be produced largely with existing facilities, Smith believes it is accomplishing the kind of diversification that promises the most insurance at the least financial risk.



Diversify . . . but don't buy a pig in a poke

Warner and Swasey, the machine tool builder, is another concern that is quietly broadening its operating base from a single market to a diversified one. In plotting a postwar expansion program, Warner and Swasey reasoned that the precision and workmanship accomplished in the machine tool industry could be profitably applied elsewhere.

In analyzing prospective new products, the company has been guided by three considerations: Any item adopted

(Continued on page 24)

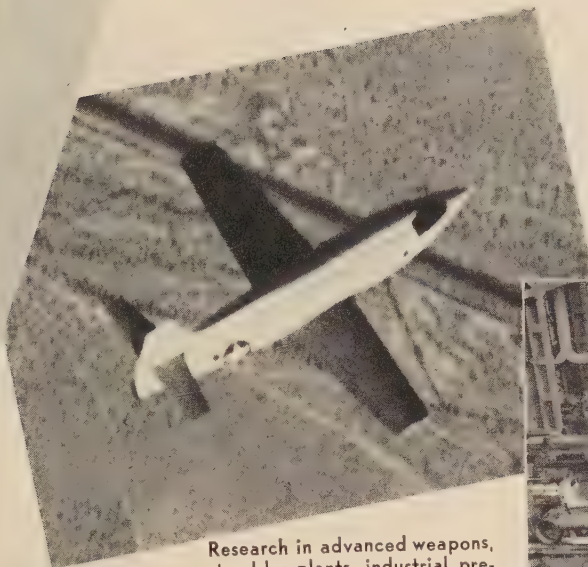
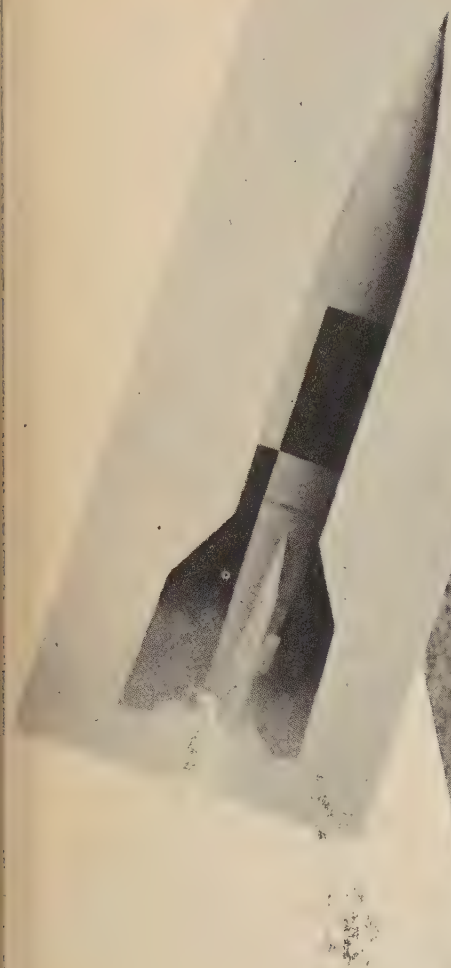


U. S.

# Industry "Stands By"

## Under New Law

By GEORGE ROOT



Research in advanced weapons, stand-by plants, industrial preparedness, are included in the new mobilization program



Acme photos

**"I**F" HAS never been a bigger word. It looms particularly large in the nation's capital these days when used—as it frequently is—in fearsome sentences beginning: "If we have another war . . ."

The rest of the sentence often embraces these words: "We won't have time to prepare—it will come overnight."

On that sentence rests the preparedness thinking of the men charged with this country's defense. "M-Day" (for "Mobilization Day") this time has taken on real significance. There was, to be sure, an "M-Day" plan in existence between World Wars I and II, but it was far out-of-date by the time the United States was propelled into full-fledged war on December 7, 1941.

At a time when atomic weapons, jet propulsion and long-range guided missiles may rain down destruction almost instantaneously, the planners feel that if war comes again, there really will be an "M-Day." War, they think, will be thrust suddenly upon us with this continent subjected, overnight, to total warfare.

This is the reasoning behind the National Security Act—commonly labelled

the "unification" or "armed services merger" law—and the National Security Resources Board, the new organization which it created to chart universal mobilization.

Under this legislation a start has been made toward a realistic program of "industrial mobilization." A tentative plan, still "classified" a military secret, has been prepared by the Munitions Board of the National Military Establishment, the non-stop name given the successor to the old Army-Navy Munitions Board.

### President Is Top Coordinator

Unfortunately, the nation's restyled preparedness organization involves overlapping here and there, one board has a thumb in another board's pie. As a result, a clear-cut organizational pattern is hard to conceive, especially when the various participating boards are working in the necessarily hazy fields of future planning. Here, however, is a vest-pocket breakdown on the industrial mobilization structure as it now stands:

1. Top-ranking coordinator of security planning is: the National Security Council, headed by the President. Members are the Secretary of State, Secre-

taries of National Defense, the Army, the Navy, and the Air Force; National Security Resources Board chairman; Munitions Board chairman; Research and Development Board chairman; plus other cabinet members designated by the President.

2. A Central Intelligence Agency for top-level coordination of all intelligence information gathered by civilian and military branches of the government has been set up and ranks just below the National Security Council.

3. Two new boards of special interest to industry are the Munitions Board and the Research and Development Board (successor to the war-born Office of Scientific Research and Development.) Both are branches of the National Mili-

(Continued on page 37)



Now—



Korth photo

By

WILLIAM GOETTLER

**T**OSS a stone on La Salle Street in Chicago, and you'll probably hit an executive who would like to own a farm. Farming is a pleasant hobby; it can provide income and security. Getting back to the land, many persons believe is essential to the "full life."

But the actual problems of running a farm, requiring skills as varied as those of a machinist and an organic chemist, have stymied many a would-be lord of the manor.

Today the growing number of professional farm managers make it possible to own a farm painlessly. Anyone with the money to invest can become a landlord, restricting his actual duties to the enjoyable chore of glancing at an annual statement of net profits. The farm investment can require no more personal attention or knowledge of agronomy than the ownership of a block of steel shares requires a knowledge of blast furnace operation.

Farm managers help restore weakened soil fertility; they set up a profitable production plan; they select capable tenants; and they handle the multiplicity of details that oblige the modern farmer to be a jack of all trades as well as master of all.

Farm management based on modern business practices is a comparatively new profession. Before 1920, farms normally

prospered, as long as the operator applied the simple technology handed down through several generations. All along, however, soil fertility was being depleted. As in the lumber industry, farmers were blindly depreciating their capital investment. In this "Golden Age of Agriculture," extremely little business ability was required to show an illusory profit.

When confronted with decreased fertility and less favorable price relationships in the '20s and '30s, the farmers were finally forced to borrow some basic management principles. The tremendous wartime demand for food, together with pyramiding production costs since the war, have accelerated the adoption of scientific farming methods.

The average business man, faced with the task of running a farm, is out of his depth. Keeping up with new techniques and meeting the endless problems of a farm—which range from livestock breeding to market analysis—make farm management a specialized function. Farming today requires more than reading government bulletins; also more time than the average business or professional man can afford.



U.S.D.A. photo

The situation for the absentee landlord is further complicated by tenant-landlord relationships. Today almost one-third of the farm land in the United States is worked by tenants. And a farm tenant is different, in important respects, from an industrial worker; the farm tenant works with his landlord, rather than for him. This poses a complex personnel problem for the "city farmer" and is one of the reasons for the development of professional farm managers.

Large plantations in the South and incorporated farms on the West Coast usually enjoy a sufficient business volume to warrant the hiring of a full time manager. But in the Corn Belt and in mixed livestock areas, where farm units are smaller, the chief demand is for professional farm management on a service



# Farming From A Swivel Chair

fee basis. This is most common in Ohio, Indiana, Illinois, Iowa, Minnesota, Kansas and Nebraska, but it is increasing in the South and Far West.

Charges vary widely, although generally they amount to a flat fee or a percentage (normally 10 per cent) of gross income. The flat fee is usually \$1 per acre. Some managers work on a flat fee plus a percentage, but add various charges for special services.

There are enough farm managers to make the profession competitive. The American Society of Farm Managers and Rural Appraisers lists 650 members, but there are 600 additional non-member managers. If a landlord disapproves results—and the inexperienced landlord often does—he can easily find another manager. Contracts usually are on a year to year basis, providing considerable latitude in personnel selection.

Most farm managers operate as individuals or with small organizations. An exception is the sprawling Doane Agricultural Service of St. Louis, which handles land throughout the Corn Belt, the Great Plains, and the South. Another is the Farmers National Company in Omaha.

## High Professional Standards

Considerable care has been taken by the managers' society to promote high ethical standards in their profession. A member must have a university education or its equivalent, plus five years experience in the management field. He must also manage at least 10,000 acres, although exceptions are sometimes made to this rule.

In selecting new members, a committee of the society takes candidates to

an unfamiliar farm where they are required to devise a detailed plan of operation. Afterwards, they are questioned on problems that may arise in the course of their work.

"When a farm fails to pay out, it is ready for the attention of a farm manager," says J. E. Johnson, a Champaign, Ill., manager. Right now many farms are suffering from one form or another of fertility exhaustion.

## Curing "Sick" Farms

How does the farm manager cure the invalid? To diagnose the ailment, he puts it through a "clinic." By taking soil samples from each field and having them laboratory tested, he can determine the amounts of potash, phosphorous, and lime needed for maximum production.

Tests and tables evolved by Dr. Roger E. Bray, University of Illinois soil chemist, indicating the approximate mineral content necessary to refertilize various soils take the guesswork out of soil restoration. Proper nitrogen content cannot, however, be ascertained by laboratory analysis. This the farm manager must determine himself on the basis of soil appearance, previous crop rotation and a study of the soil type. While land occasionally will require only a minor "treatment," most farms have insufficient minerals and nitrogen to yield optimum crops, and changes in rotation are usually required.

"We work on the principle that there is no marginal land," says D. Howard Doane, founder of the Doane service. "Land may be marginal for corn, yet be adapted to other crops." With soil tests, the manager can determine how the land may be turned to most profitable pro-

duction, and how the reserve of soil fertility can be increased. "This is the important step," Doane says. "After that, the manager merely works out details of the plan."

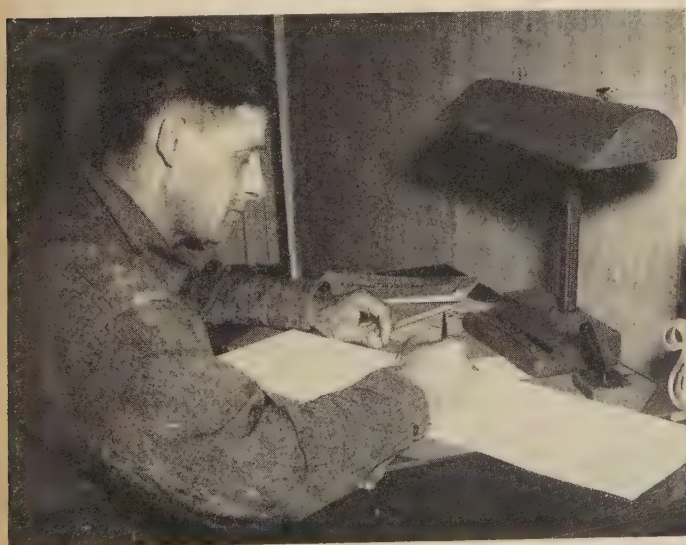
The manager does not necessarily base his plan on what appear to be the most common crops in a neighborhood. In one area of Missouri, farmers were making a bare livelihood growing corn. Scientific soil tests indicated that the land, which had been producing 15 to 20 bushels of corn an acre, could produce the equivalent of 87 bushels in legume forage and other crops. "Thus, virtual oases have been created in relatively poor areas. The University of Illinois at its Dixon Springs experimental farm has shown that much "marginal" land can be made profitable through scientific management.

## Abandoned Land Recovered

Although once abandoned, badly eroded and gullied land in western Tennessee was cleared of brush, levelled with bulldozers, and laboratory "treated." Utilized now as grazing land, some of these farms have paid off the cost of the land and "treatment" as well in a single year. Profits from grazing now exceed those formerly earned with cotton and other cultivated crops.

"A tendency among landlords is to experiment by refertilizing only part of their acreage," J. M. Dowell, another Champaign farm manager points out. "But the whole job, as far as practical, should be done at one time. This way one gets the whole farm into top production at the earliest possible time." Dowell, incidentally, is among farm

*(Continued on page 36.)*



Public Service Co. photos

The farm manager installs businesslike accounting procedures and advanced farming techniques





Modern designing at work: International Harvester's smartly-styled dealer's stores carry out a new and distinctive prototype pattern

# Industrial Designing—A Problem Child Is Growing Up

By LEWIS A. RILEY

**T**O THE average businessman, "industrial designing" probably suggests the idea of an artist hatching shadowy abstractions in charcoal and water color. Practical, maybe, for automobiles, furniture, a handful of specialized industries, but hardly a subject to engross the attention of most manufacturers. Curiously, the average businessman has only a foggy grasp of the profession that almost overnight has pulled many a company from a prolonged selling slump.

A prominent industrial designer complains, "The trouble with our profession is that few businessmen know what it is and fewer still know what to do with it." The complaint is probably justified, despite the fact that trade publications have been pouring out essays on the subject for more than a decade.

At the bottom of the dilemma are some plain facts. Industrial designing as an independent profession was born about two decades ago. It has now barely reached adolescence after a childhood distorted by the arrogance common to most infant prodigies.

Yet today, industrial designers are accomplishing phenomenal things. By streamlining, recoloring, and refurbishing consumer goods, they have doubled and tripled sales, created demand where demand had not before existed, and

lifted many a manufacturer from obscurity.

This very faculty for achieving the extraordinary has in itself, however, made industrial designing a first-class problem child. Upon occasion, say businessmen who have dealt with independent designers, it has been more of a

(Continued on page 27)



This professionally-designed payloader reduces fatigue, stresses ease of operation



Redesigning changed this clumsy machine (top) into a graceful, less-expensive model (below)



# An Ex-President's Prescription For World Recovery

By HERBERT HOOVER

**I** WISH to make clear my conviction that we should help to the full extent which does not weaken our own economy and thus defeat all world recovery.

There are three dominant reasons why we should do so:

First, the spiritual character of the American people has always led them, and will for all time compel them, to prevent hunger and cold to the full extent of their surplus, and even to the extent of personal self-denial.

Second, while the defeat of Communism in Western Europe is of vital importance to the preservation of moral and spiritual values for which we stand, it is also of vital importance to us that the economic and political unity of Western Europe should be stimulated.

Third, the project builds for peace in the world.

The dangers inherent in the project are very great. On one side is the possible failure of Western Europe, now engaged in wide-spread experiments in socialization of industry, to secure the restoration of productivity; their possible failure to secure domestic fiscal and currency stability; their possible failure to secure economic and political cooperation with each other; and their possible failure to defeat the destructive politico-economic forces in their midst.

## Further Safe-Guards Asked

On the American side, dangers are that the volume of exports and finance proposed may accelerate an already serious inflation; that it further delays our recuperation from the war; that it drains our natural resources and continues excessive taxation; all of which might bring depression and thus destroy the strength of the one remaining source of aid to a world in chaos.

We must take some risks, and I should have liked to be able to give unqualified endorsement of the Economic Cooperation Administration as presented to the Congress. I am compelled, however, by conscience to say that the plan as presented should have certain constructive modifications and more safe-guards.

No one would contend that the political relations involved in this plan should

not be controlled by the foreign policy branch of the government. But this plan is far more business and economic than political.

By this proposal, together with other authorities, and our other foreign aid projects, we are placing the control of the whole American economy in the hands of the organization which directs these operations. Its policies can determine the volume of exports, and thus prices, wages, rationing, inflation, and the progress of the incomplete reconstruction in the United States.

Beyond domestic questions, there are momentous foreign economic policies to be decided by the administrators of these powers. The need, finance and source of supply must be determined for each recipient country. These operations must be coordinated with our exports to all other countries and with our other relief operations. Above all there must be continuous evaluation to determine whether the economic and social policies of the constituent countries are contributing to success.

Such power should not be placed in the hands of any one man or any one department of our government. Obviously the administrative work involved should be conducted by one man. But its policies should be directed by a group, no doubt including department heads, but also including non-official citizens. The proposals of Congressman Christian Herter insofar as they imply group conclusions come nearer to meeting this requirement.

I assume it is intended to carry out this operation as a bi-partisan enterprise, for only thus can we hope for success. There is far too much at stake to permit partisan approach. If these policies are to be bi-partisan, then the members of

In this statement, presented to the Senate Foreign Relations Committee, ex-President Herbert Hoover offers explicit reasons why he believes the Marshall Plan for European economic recovery should be revised. The disposition that is made of the Marshall Plan will not only be of great significance in the coun-



Acme

Mr. Hoover viewing some of Europe's ruins

this board or commission should be selected by prior consultation with the Congressional leaders.

Even if administration of these funds is limited to the 16 countries, the scope of policy determination must be far wider. The front against Communism lies not alone in Europe; it stretches through Latin America and Asia. We have to bear in mind that the exports of the United States include also very necessary exports to those countries which supply us with essential imports and whose economies are positively linked with our own as, for instance, the Latin-American states.

## Include Aid to China

We must, if we pursue this national policy, include aid to China and other nations, together with the occupied territories of Germany, Japan and Korea. There are thus not 16 countries directly under relief, but 20, and possibly more.

We cannot separate a 20-nation segment of the world from the other 20 friendly nations and give it priority over them. Any undertaking to use American resources to the full extent to bring about stability of the world implies coordination with other countries.

try's foreign relations but will have an important bearing on domestic business. Mr. Hoover's penetrating analysis of world economic problems and the United States' ability to assist in European recovery should, therefore, command the interest of every businessman.



The plan presupposes certain basic conditions of cooperation between the countries to be aided which are essential to the success of our efforts.

Internally in each country the plan envisages an increase in productivity by abandonment of restraints upon enterprise and economy. It envisages balanced budgets and checks on inflation. Above all there need be abandonment of their wholly fictitious basis of foreign exchange. Were these things assured and were exchange based upon realities, private Western Hemisphere funds would pour into those areas; their domestic hoards of gold and currency would begin to come out and the demand for their exports would increase. All of which would decrease the drains and strains upon the United States taxpayer.

### Operation Rathole?

Moreover, the reopening of German and Japanese industrial plants is not only essential to provide needed materials in Europe and Asia, but the situation is at present an "operation rat-hole" to the extent of a billion and a half dollars for each year of charitable food from the United States to keep these people alive. With restoration of their production, and exports, that sum could be applied to reconstruction by E.C.A., not used to keep idle thousands of German and Japanese plants and workmen. Specifically, those of the 16 countries concerned should agree to the trizonal economic union of Western Germany; a peace with Japan; a cessation of plant destruction and removal; and abolition or increase in "levels of industry" in these two countries.

No one expects all these things to happen overnight, but unless they are begun quickly our service toward world recovery will be largely in vain.

The plan originally proposed an authorization to E.C.A. of \$17,000,000,000 and a four-year program. The first 15 months' appropriation is proposed at \$6,800,000,000. But in addition to this, we are committed to Western Germany, Japan, Korea, and possibly China, and perhaps others, for supplies amounting to about \$2,000,000,000 in this same period of 15 months, or a total of nearly \$9,000,000,000.

It was prudent not to require that commitments be made by the United States at the present time for more than the first 15 months, until July 1, 1949. We cannot even hazard what the export and financial possibilities of the United States will be for more than a year in advance. Food being the largest item in the whole program, we can only judge from harvest to harvest. Nor can we long forecast our industrial production. Furthermore, we cannot tell in advance the requirements of each of these countries to which it is proposed to extend aid. They, too, are dependent upon their

harvest; they are dependent upon co-operation between governments, and upon their labor and many other elements for which we cannot fix a financial or commodity commitment.

Even a moral commitment to a four year program is unwise. We cannot enforce ideas upon other self-governing peoples, and we should keep ourselves entirely free to end our efforts without recrimination.

Whether the American economy can stand a burden of \$9,000,000,000 of relief in this 15 months must arouse great anxiety. It amounts to about 18 per cent of our whole federal tax income during such a period. It amounts to 36 per cent of all the personal income taxes. Yet the country surely needs tax relief if its productivity and employment are to be sustained.

Another disturbing question is the effect upon prices, wages and inflation generally of the volume of exports and finance here proposed. In the fiscal year 1946 we exported \$4,400,000,000 more goods than we imported. In the fiscal year 1947 we exported \$7,000,000,000 worth of goods more than we imported. (In both cases services are omitted.)

These differences were represented by gifts and loans to foreign nations. They were bumper-crop years, yet the volume of exports in fiscal year 1947 and since have undoubtedly raised prices and started inflationary spirals. It seems difficult to believe that we can continue at the rate now proposed and not produce the same effect.

### Our Money May Depreciate

It is not an answer to say that under this plan large amounts of American money will be used for purchases of commodities in other countries on behalf of recipient nations and thus relieve export pressure upon the United States. These other countries thus receiving our money will wish to transform that money into goods from the United States. If we refuse export certificates for all or part of their demands because we do not have the goods, either our money will go to a discount, or we will necessarily enter obligations to pay those nations at some future date. Thus the United States will in effect be borrowing money abroad to finance this program.

It is an illusion that scarcity and thus increasing inflation can be more than temporarily retarded by compulsory fixing of wages, prices and rationing. Aside from the reduction of primary freedoms involved, history and our national experience prove that any such course sets up chain reactions which ultimately decrease production and defeat their very purpose. A part of Western Europe's present difficulties is due to these practices.

The only safe road for us is not to over-export. We can to some extent in-

crease the amounts available for export and hold prices by adopting strong voluntary conservation measures; by using voluntary restraints on prices and wages; by doing more and harder work with uninterrupted production.

If some of the imported quantities scheduled be reexamined in the light of supplies, if certain principles were established by Congress, if certain requirements were fixed, and if an effective business organization were set up, I am confident that the burden upon the American taxpayer could be lessened and our essential purpose accomplished.

First, the food programs when correlated to the needs of the rest of the world would appear greater than the world supply during the first period from April to June, 1948, and at the same time maintain rations in the occupied areas and some "plan" countries at an endurable level. Further, these programs seem to imply a dependence upon world harvests much greater next year than last.

### Agricultural Reconstruction

Second, the program for agricultural reconstruction seems imperative, but the program for industrial production implies not alone a restoration of pre-war productivity but a great increase in such production above pre-war. That is indeed greatly to be desired, but whether Americans are able out of production and taxes at this time to provide more than a restoration to pre-war levels is another question.

Third, the program calls for export of about \$800,000,000 of capital goods including steel and machinery from the United States in the 15 months period. Both the Harriman and the House of Representatives reports cast doubt upon our ability to supply this amount of steel production and to maintain our necessary exports to other vital quarters. The capital goods programs of the 16 nations of necessity may need to be extended over a longer term.

In fact, our productive machine today is crippled by the insufficient railway equipment for the prompt delivery of goods; our food production is lessened by scarcity in agricultural machinery; we have sporadic oil famines due to lack of oil-well, refining and transport equipment; our automotive industry is short of raw materials.

It would seem that the possibilities of early steel and machinery production in Germany should be more vigorously undertaken, obviously with readily effective curbs as to any munitions diversion. With removal of the inhibitions on these German industries, with vigor and working capital, a large segment of this program could be supplied from that quarter, instead of by increasing scarcities and delaying reconstruction and increas-

(Continued on page 40)



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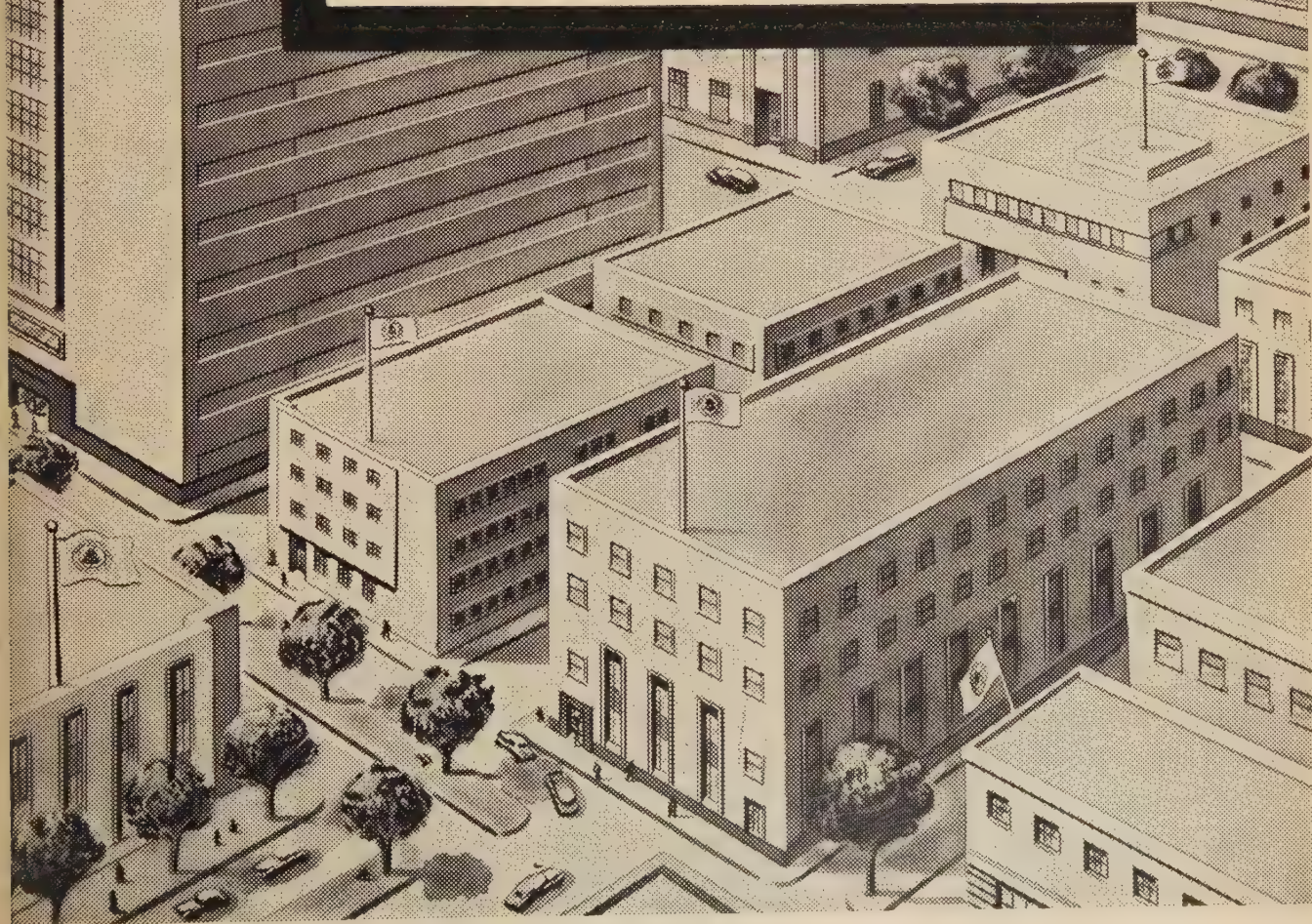
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## Industry's Search For Green Fields

(Continued from page 16)

for diversification must benefit from the company's experience and facilities; it must be one in which engineering skill, excellence of design, and manufacturing precision is of major importance, and the product should, if possible, assist in levelling out the economic cycles peculiar to the machine tool industry.

On this basis, Warner and Swasey introduced a new earth-moving machine in 1946. Later it brought out new knitting and weaving machines which emphasize accuracy, precision, and speed. The company was obliged to build a

new distributing organization within the construction field, but in so doing Warner and Swasey's reputation of engineering proficiency was a tremendous asset.

Other concerns are endeavoring through diversification to avoid not only a specialized market, but a seasonal market. Noma Electric Corporation, best-known as a manufacturer of Christmas tree lights including their latest "Bubble-lite," broke away from the Yuletide market during the war.

Employing labor and manufacturing facilities not engaged in military pro-

duction, Noma sidestepped into the toy industry, turning out some 20,000,000 playthings largely of non-critical materials. Noma's drive for year-round markets did not fully materialize until after the war. Its post war line now includes kitchen stoves, space heaters, refrigerators, home freezers, kitchen cabinets, wiring and electrical accessories. While it has been diversifying Noma has boosted its assets from \$2,639,000 at the end of 1943 to more than \$21,000,000 in December, 1946. Throughout its expansion the company has capitalized on the good-will it built many years ago by creating tree lights that would not blink off at frequent intervals.

Good will—particularly among housewives—helped pave the way for General Mills' entry into the home appliances field. It was a big step from flour to electric irons, but General Mills was concentrating on precisely the same market with the same advertising and merchandising tools.

### Bell Aircraft Expands

A company that has most recently joined the diversification bandwagon is Bell Aircraft Corporation, which in January took a long step out of the aircraft manufacturing business. Bell's newest product is a motorized three-wheel gym-mick that can be used interchangeably as one-man wheelbarrow, platform carrier, or snowplow.

The "prime mover" is Bell's first move in a postwar diversification program by which it hopes to extend its interests into commercial products and industrial equipment.

The record of diversification is virtually endless for the trend has cut broadly through U. S. industry. Big and little businesses are diversifying for largely identical reasons. Essentially, it is one more evidence of a precariously inflated economy.

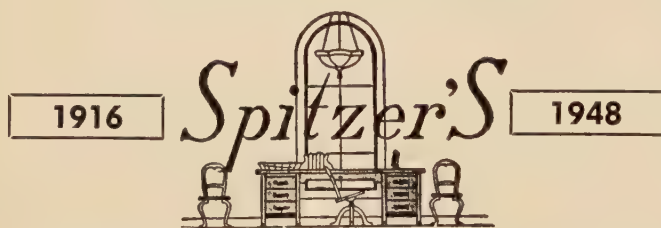
With wages and production costs swollen to extraordinary peaks, industry's "break-even" point has climbed to the highest point in history. Where a manufacturer was once breaking even when production stood at 60 per cent of capacity, today his "break-even" point stands at something like 80 or 85 per cent of capacity. Should demand sag—as it has done in some lines—profits could fade abruptly. The safety margin that manufacturers once enjoyed has been sharply narrowed. Thus to be prepared for a drop in production if demand in one line slackens, resourceful management is shifting attention to new fields, new markets, and new customers.

Wisely applied, product diversification may be the stabilizing factor that's needed. But, say those who have been diversifying over the years, diversification is no cure-all. Use it intelligently, but don't buy a pig in the poke.

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# Robot Merchandisers Invade New Fields



For small fry, ice cream by coin-machine

**T**HERE are no records to indicate how many placid homes have been driven into momentary madness by the absence of bread, coffee, or the baby's milk precisely five minutes after the last delicatessen closed for the night. The spectacle of exasperated housewives rapping on darkened doors in search of deficient groceries would certainly indicate that the record, if available, would be appalling.

Now, at last, there is hope that such household calamities may be banished forever. This inspiring word comes from the nation's coin machine industry, which in its prodigious effort to capture still another illguarded nickel, has now conceived a veritable grocery store automaton. Tagged the "Computit," this robot merchant is 20 times more efficient and accurate than any grocer in the business.

By the mere application of coin and thumb pressure, it will eject a can of beans, coffee, or molasses, a box of soap,

corn flakes, or milk, razorblades or a handkerchief in emergency. It will also flip back change on any purchase up to \$1.50; let you change your mind if you punched salt and wanted spinach, and unfailingly call you a swindler if you fed it a lead nickel.

This mechanical phenomenon is one more landmark in an unceasing campaign to serve the American consumer who, knowing what he wants, wants it fast, with a minimum of inconvenience, and preferably with no insipid remarks about the weather or politics. "Computit" does precisely that. Guardian Electric Manufacturing Company of Chicago, which devised the automatic merchandising device, believes it will have a tremendous appeal in large apartments, for example, where tenants could thus buy dry, processed, or frozen foods at any hour. Now, in fact, 90 per cent of the average apartment dweller's food purchases are in packaged form.

## Robot Grocer Custom-Built

On volume orders, Guardian figures it can deliver a packaged electrical mechanism capable of operating a "Computit" offering three to three hundred different items at something under \$100. The electrical mechanism will be sold to coin machine builders who will then custom-build the dispensing boxes to meet the requirements of actual vendors. Orders placed for "Computit" at last month's coin machine show in Chicago indicate that automatic grocers will be functioning in some parts of the country within a year.

Guardian's "Computit" is one more

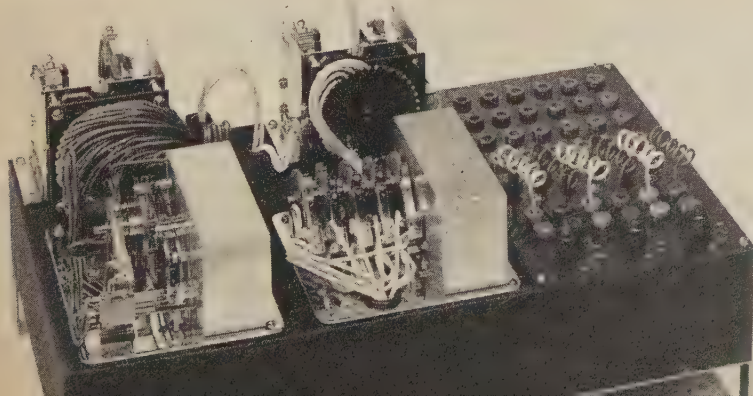


"Kwik Kafe," created by two ex-GI's, brews a cup of coffee in five seconds flat



For the cafe trade, a jukebox-television combination that should keep nickels dropping

This intricate mechanism (below) operates "Computit" (below right)—the robot grocer





evidence of the extraordinary growth of an industry whose roots extend back to biblical times when heathen temples were rigged with ingenious coin devices that enabled a properly deposited coin to start water flowing from the eyes of pagan images, presumably in tearful gratitude. By 1947, the fascination of coin-operated machines had not abated. Men, women, and children last year poured out a neat \$3,000,000,000 to watch the wondrous machines illuminate, spin, grind, crank, sing, write, talk, photograph or emit merchandise.

This year's additions to the industry's array of coin-operated machines include half a dozen varieties of automatic shoe-shiners (five cents a shine with neutral polish for black, brown, or tan leather);

a combination vendor offering onion, beef, vegetable or tomato soup and coffee, black or with cream or cream and sugar (five or ten cents a paper cupful at the seller's option); a "personal" letter-writer that provides a recording of your dictated correspondence plus a mailing envelop (25 cents a "letter").

For the cafe trade there is something new and a little more diabolical in jukeboxes. This is a combination jukebox and television set (operator's price, \$1,195) that at a flip of the switch provides either the customary nickel recording or three minutes of television entertainment. The manufacturer emphasizes, with complete realism, that the average cafe patron may underwrite the cost of two or three records, but add television

and he won't stop until his nickels are exhausted or the program is over.

There is an inkling of the tremendous merchandising punch behind the coin machine in the experience of the two ex-GI's who conceived and began building an automatic hot coffee vendor a little over a year ago. Their machine, "Kwik-Kafe," brews a reasonably flavorful cup of coffee in five seconds flat. Regardless of the frequency of servings the temperature of the coffee will not drop below 160 degrees. Today over 1,000 of the machines are pouring out java to thirsty souls and backlogged orders amount to an estimated \$3,000,000. More than half the "Kwik-Kafes" are functioning in industrial locations for the benefit of weary workers.

Along with the coin machine industry there has grown up an affiliated industry that draws its life blood from the inevitable human predisposition to outwit the robot merchant. This industry comprises the manufacturers of coin rejectors, whose virtually infallible swindle-checks now frustrate all but the most skillful defrauders.

#### Lead Nickels Don't Bounce

The fantastic little mechanisms, which are standard attachments on any coin machine, weigh and measure every coin. After that relatively simple process they begin bearing down. Each coin rolls down a magnetized incline and those whose metallic content provides proper resistance are thus slowed down sufficiently to fall into the correct chute below. Bad coins—with either too little or too much electrical resistance—automatically miss the chute and are promptly returned. Nickels get a final test; they fall on a metal platform and must "bounce" over a barrier before acceptance. A lead nickel obviously has insufficient "bounce." Intricate though it sounds, the whole process is accomplished in a twinkling.

Despite its ancient origin, the coin machine industry got its big start in this country during the depression of the early '30s. Although many industries ground to a halt in that dark era, apparently the average American still had an odd nickel or dime to sustain the slot machines. An industry man will tell you whimsically that in bad times the public hunts for inexpensive entertainment and thus the nickel-operated pin ball machine, movie, or shooting gallery becomes a natural form of relaxation.

At any rate, the industry looks forward with considerable assurance. With the machines buzzing merrily, operators will wager they will break through their three billion dollar record this year. If the economic horizon darkens, they further wager that the average American will always have a sacrificial nickel left to make the image weep—now, 2,000 years later, in sheer happiness.



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## Industrial Designing

(Continued from page 20)

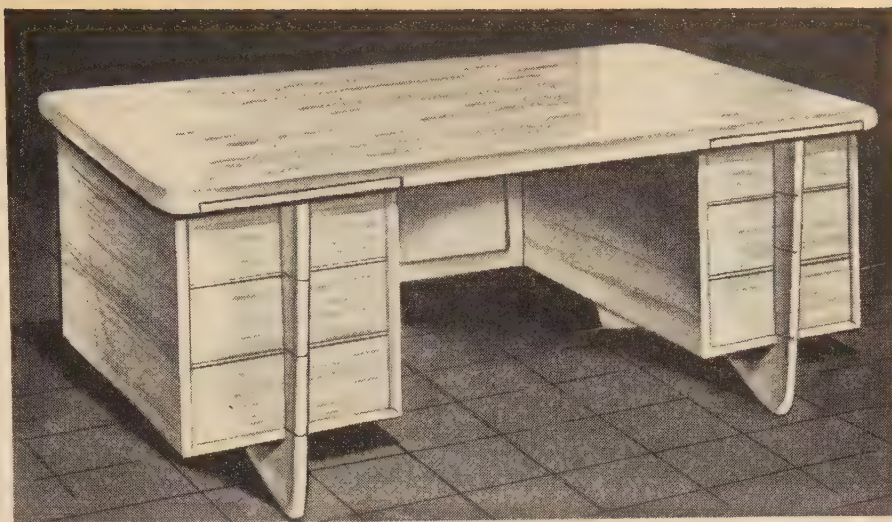
liability than an asset. "Before the war," explains one manufacturer, "we were enthusiastic for fresh and imaginative designing. But we found industrial designers were often esthetic artists. They gave us pretty drawings, but none could be adapted to assembly-line production. Until very recently, most designers had no conception of engineering, merchandising, or many other phases of mass production."

This is the crux of the problem. Having frequently wandered off into airy abstraction, industrial designing has not yet sold a sound bill of goods to industry generally. There is no great mystery about the profession. The truth is, there are still too few competent designers and even fewer designing firms equipped to tackle industrial assignments comprehensively. Despite its growing pains, however, the cream of the designing profession has begun tackling new and bigger jobs for industry since the war. Where stylists once fashioned individual products, they are now face-lifting whole industries.

Several years ago, Raymond Loewy Associates, New York designers, began to freshen up International Harvester's countenance. The idea: to give the big farm machinery maker a new individuality by virtue of distinctive styling. As a start, Loewy created International's block-letter trademark that now embellishes thousands of products, letterheads, catalogs, and buildings. Actually, the new trademark is a skillful illusion, for on second glance the big red and black I-H gives the appearance of a farmer chuffing away astride a new International tractor.

Next, Loewy produced a prototype building design enabling International's biggest plant and smallest retail store to present a distinctive appearance to the public. Many new stores, embodying this prototype styling, were built last year. Finally, Loewy undertook a monumental packaging job, recataloging 300,000 International parts and creating a single package style in which each is now sold.

Industrial designing is more than a tool for lending sales appeal to consumer products. Wisely applied to industrial goods, it can often hammer down manufacturing costs, speed up production, and simplify operation. This was demonstrated when the Loewy organization wholly redesigned an office perforator manufactured by Cummins Business Machines Corporation of Chicago. The redesigning job transformed a clumsy and unattractive mechanism into a streamlined and trigger-fast precision instrument. Not only that, redesigning cut production costs 78 per cent and the machine's cubic dimensions



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by 94 per cent. The new model can be fabricated in less than half the time required to make the older model, enabling Cummins to step up deliveries by more than 1,000 per cent.

The Chicago firm of Barnes and Reinicke, has designed plastic toothpicks for Lactona, Inc., railroad cars for the Soviet government, tractors for Allis-Chalmers, and a monstrous earth-moving machine that gulps up 1,400 cubic yards an hour. Forty-five of their specialists spent 12 months fashioning a complete train with Pullman-Standard.

Before the war Barnes and Reinicke were given the job of creating a new container for Minnesota Mining's scotch tape. Up came the scotch plaid holder that now appears on every dime store counter. The new gadget boomed sales 300 per cent.

### Container Boomed Sales

When the Chen Yu people branched out from nail polish and lipstick, they hired B. and R. to devise the container for a new "pancake" make-up. Chen Yu's disk-like compact of red and black plastic appeared a few months later. Within a year Chen Yu had climbed to second place in the make-up business. Their latest addition: a matching lipstick holder.

Other Barnes and Reinicke sales boosters include: a streamlined oil heater for Cole Hot Blast Manufacturing Company that doubled sales within 60 days; an orange-juicer that substituted plastic for aluminum permitting the manufacturer to reduce production costs, raise the sales price 50 per cent and still sell more juicers, a new "Toastermaster" for McGraw Electric that advanced sales 40 per cent.

In a typical case, B. and R. have served for three years as style consultants to Frank G. Hough, a small but progressive manufacturer of earth-moving

and other heavy industrial machinery. For Hough, they have designed everything from giant material-handling and loading machines to a street cleaner with eye-appeal.

They have revamped the company's stationery, created a new trademark and name plates, evolved a distinctive color scheme for printed matter, buildings, and products. The whole program has been achieved at a time when buyers have gone begging for the homeliest of industrial machinery.

Extravagant? "Decidedly not!" says Frank Hough, who signs the checks for streamlined street cleaners. "Our machinery is functional, yet we are spending more every year for styling. In our heavy industrial machinery, we constantly emphasize operating comfort. Men work harder and produce more with comfortable machines and for equipment buyers that's a tremendous inducement."

Sales appeal is the industrial designer's chief goal, but more and more he is being called in to scale down production costs. At the same time many are creating new products that are not only less expensive, but more economical to maintain.

In styling new interiors for Pan American World Airways Clippers, Howard Ketchum, a New York designer, created new colors and fabrics that resulted in substantial savings in maintenance and cleaning costs. Walter Teague, another New Yorker, refurbished Montgomery Ward's vacuum cleaners so effectively that, according to Wards, their efficiency increased 85 per cent while sales rose 120 per cent. The same stylist designed a cash register that could be manufactured less expensively, enabling the producer to divert these savings into advertising and thus capture greater markets.

A big phase of the designer's work



A big repackaging job: Armour's newly-designed containers emphasize trade-name and "soft" colors that appeal to women







\$75,000 or \$100,000. On the merchandising end—which really counts—ultimate sales may run into millions of dollars. So for \$2,500 we are not only assuring a company that its tools and dies are correct but that its operating facilities are adequate. We are actually helping to insure steady production and stable employment. If designing increases sales only a small fraction, the initial cost is a sound investment."

Industrial designing got its start during the depression-stricken '30's, when manufacturers were trying desperately to check skidding sales. When and if "recession" strikes, industrial designers anticipate even greater demand for their services. When the customer must again be truly "sold," skillful designing may well be the deciding factor in his choice between competitive products.

### Top Designers Cost More

Many manufacturers, brushing up for the coming competitive tussle, want assistance from professional designers, yet they lack a clear understanding of what they are really looking for. Here is the advice of the designers themselves.

Of paramount importance, say top designers, settle for nothing but the best. A second-rate stylist can do more harm than good; he is ill-equipped for the job and lacks a broad knowledge of

production and merchandising. Skilled designers command larger fees, but in the long run an intelligent styling program is more economical than odd dollars conserved on the planning board. The competent designer will investigate your entire production program; take a look at his facilities before retaining him.

### Program for Best Results

Once assured of qualified assistance, give your designer full cooperation. In a primer for businessmen who want the most out of industrial designing, one expert sets out this 13-point program for achieving the best results:

1. Appoint a design committee representing all departments affected.

2. Give the committee authority to act.

3. Decide objectives. Give your designer a concise bill of particulars, so he knows what you're after and why.

4. Investigate carefully. Be sure your designer is qualified to deliver a design that's manufacturable at minimum costs, marketable to the greatest number of prospects.

5. Give your designer complete information. He can't do his best working in a vacuum.

6. Place full confidence in your designer, leave him unhampered to diagnose and prescribe.

7. Give him the greatest possible latitude in the selection of materials. He is a materials expert and will use your facilities as fully as possible.

8. Don't select a design just because you like it. The qualified designer works to please customers.

9. Try to add new selling features. Functional improvements as well as styling increase saleability.

10. Don't turn down a design as impractical before giving your designer a chance to prove his case. Most outstanding product developments look impractical at some stage.

11. Don't reject a design only because it is harder to make. If you can sell it faster, production is secondary.

12. Insist upon models before starting production. They are the only sure means of judging production problems and planning advertising and sales promotion.

13. Be sure all design values are built into the product. Have your designer make or supervise the production drawings.

Skillful designing—the kind that generates sales in boom or slump—does not evolve overnight. It is a long step from rough sketch to marketable product. Right now the lines of tomorrow's competitive battle are taking shape on styling boards across the nation.

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# Invest in the MIDDLE WEST

*Reviews of Middle-western Companies*

By ALAN STURDY

IN 13 years, Admiral Corporation, starting from scratch, has climbed to fourth largest producer in the radio industry, with aspirations to step into third place in 1948. Although some makes of radio receivers are moving slowly, Admiral is running behind on its orders despite a sizable expansion program. It produces a full line of receivers, ranging from small table models and portable sets up to console model radio-phonograph combinations.

The company is also bidding for leadership in the television market through a unique plan for selling television receivers. Admiral is offering matching television consoles, radio-phonograph combinations and record cabinets which may be bought separately and matched at any time. (See illustration below.)

In pricing its television equipment, Admiral is following its traditional policy of aiming at the mass market. The television console section, for example, retails at \$299.95, a price substantially under any other console model now on the market. This section together with the radio-phonograph combination including FM, also priced at \$299.95, brings the cost of the complete ensemble

to approximately \$600—comparable to the lowest competitive three-way combination now available, according to Ross D. Siragusa, Admiral's president.

Some of the advantages this matched unit combination offers are:

1. The equipment can be bought at different times if family finances dictate such a course.
2. The television unit is portable so that it can be moved whenever desirable for the most convenient viewing.
3. In the event that technical progress makes the television equipment obsolete, it can be replaced and the investment in the radio-phonograph combination is not affected.

## Aid to Phonograph Sales

Admiral expects to gain an advantage from this combination in the sale of radio-phonographs in communities where television is not now available but is expected soon.

The company also offers a table model television unit at a price equalling the lowest on any similar equipment now on the market.

The business of Admiral was founded in 1934 by Ross Siragusa selling low-priced radios to chain stores under private brands. The initial factory was

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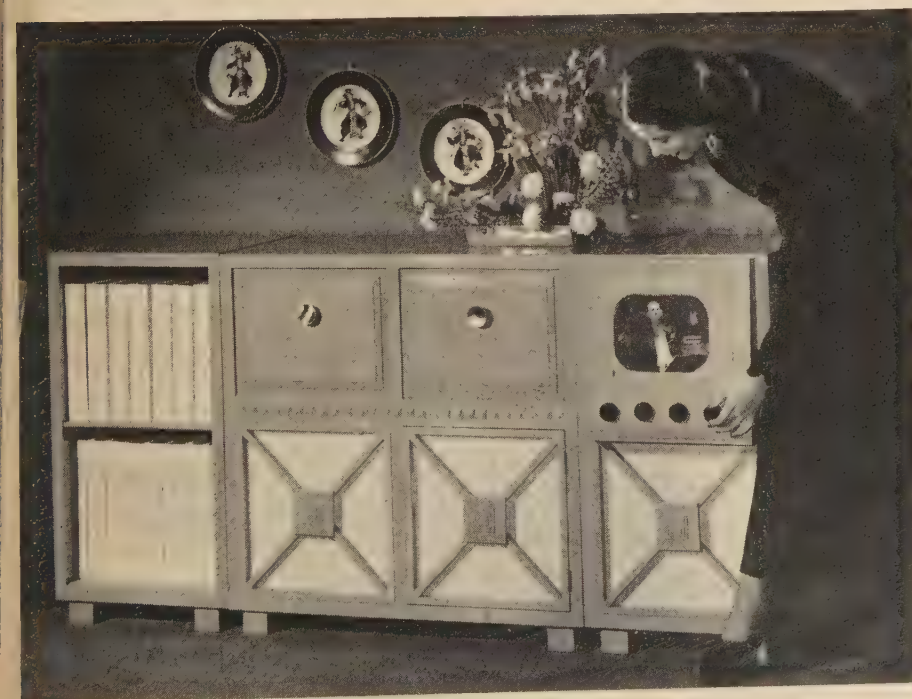
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a garage. From this start the business has steadily grown. It has consistently followed a price policy aimed at the mass market. In 1939, Admiral, which was then known as Continental Radio and Television Corporation, was the first to come out with a table model radio-phonograph combination with automatic record changer for less than \$50.

In addition to its radio and television equipment, Admiral now produces refrigerators and electric stoves for home use. The company entered this business in 1944, when it purchased the appliance division of Stewart-Warner Corporation which included the "Dual Temp" refrigerator. These appliances are manufactured for the company through its designs by subcontractors. At present, appliance sales account for about 30 per cent of the company's total volume.

Admiral has forecast its 1948 sales an all-time record of \$75,000,000, an increase of more than 50 per cent over the high of approximately \$47,950,000 reached in 1947. The company's previous sales peak was \$40,659,804 in 1944, at the height of its war production. Last year approximately \$5,000,000 of the total volume was on federal government orders for electronic equipment. At present, all government orders have been completed and if any are placed in 1948 they will be in addition to the company's \$75,000,000 goal.

#### Video to Boost Total

Television sales, which average much higher dollar return per unit, are expected to contribute importantly to the sales increase budgeted for 1948. The company currently is just getting into television output on a mass production basis but by May expects to be turning out between 400 and 500 television units per day. It is also in the process of expanding facilities for the production of standard radio receivers. For example, by June first it expects to be producing its lowest priced series of table model radios, on which it is several months behind orders, at the rate of 3,800 daily compared with the present rate of 1,500. When completed, the whole expansion program for the radio division will increase Admiral's capacity on a unit basis by about 45 per cent. Approximately \$500,000 will be invested in tooling as part of this program. Radio tooling costs are entirely charged off by the company as they are incurred.

Some increase in refrigerator and stove sales this year over last is expected by the company. The shortage of sheet steel affects both of these items, however, and it is this factor rather than demand that is expected finally to determine the year's volume.

Admiral products are merchandised through a distributor-dealer organization comprising 78 distributors and approx



mately 22,000 dealers in the United States. The distributors for New York City and for the Chicago metropolitan area are wholly owned subsidiary companies—Admiral Corporation, New York Distributing Division, Inc., and Appliance Distributors, Inc., respectively. The company owns a 68.8 per cent interest in Canadian Admiral Corporation, Limited, which produces a line of products similar to the parent company and serves the Canadian market. Sales in other foreign markets are handled by Ad. Auriema, Inc., which operates through more than 1,000 foreign outlets.

Admiral carries on its radio manufacturing operations in three Chicago plants, one of which manufactures cabinets, and a second cabinet plant in Shelbyville, Ind., and two smaller plants for electronic production, one of which is in Harvard, Ill., and the other at McHenry, Ill.

### Record Earnings

Net earnings of the company reached a record level of \$1,888,625 equal to \$2.10 a share on the 900,000 shares of capital stock in the year ended December 31, 1946. Final figures are not yet available for 1947 but Mr. Siragusa has estimated that the year's net will equal \$2.25 per share or more.

The following table shows the sales and net income of the company and its subsidiaries from its founding in 1934 through 1946, the last year for which final figures are available:

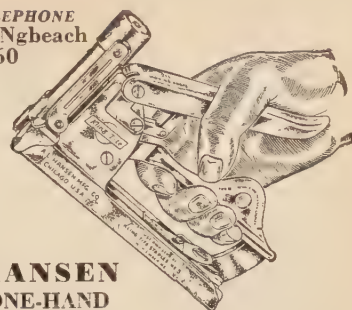
	Consolidated Net Sales	Consolidated Net Profit After Taxes
1934	\$ 241,156	\$ 10,265
1935	1,073,755	64,717
1936	1,980,349	84,047
1937	3,026,775	69,571
1938	2,081,907	77,225
1939	4,412,068	221,061
1940	4,693,607	118,245
1941	9,399,024	124,424
1942	7,427,831	245,457
1943	14,149,513	372,809
1944	40,659,804	723,969
1945	30,533,756	711,310
1946	36,169,851	1,888,625

At the end of 1946 the company's consolidated balance sheet showed current assets of \$11,102,662, including cash of \$2,483,683 and inventories of \$5,923,714. Current liabilities totaled \$6,841,490. Included in current liabilities were bank loans of \$1,000,000 and provision for renegotiation of government contracts of \$357,534. During 1947, the bank loans were entirely repaid and renegotiation was completed. Despite the substantial increase in the volume of business being done by the company, inventories were reduced during the year and the cash account was increased by approximately \$1,000,000 in addition to

liquidation of the \$1,000,000 bank loans. Admiral has no funded debt, and capitalization consists solely of 900,000 common shares of \$1 par value. Of the capital stock, which is listed on the New York and Chicago stock exchanges, approximately 54 per cent is owned by officers of the company and members of their families.

A dividend of 12½ cents a share was paid in 1946 and dividends paid in 1947 totaled 37½ cents a share. Between 1943 and 1946 capitalization was increased to the present 900,000 share level and two stock splits—one four for one and one of two for one—were made.

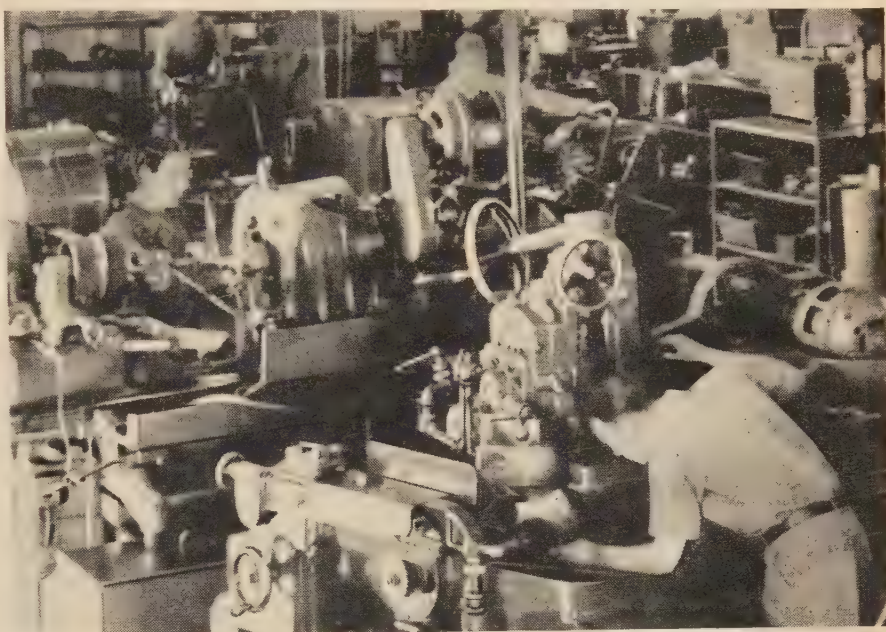
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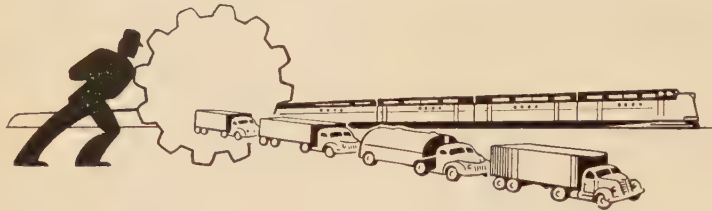
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## Trends In Finance

(Continued from page 10)

how much labor, materials, fuel, and electrical energy? What was the overall inventory picture, how much was spent for plant and equipment, and how many highway motor vehicles were owned or leased?

« « » »

### Industry Plans

### 4 Billion Outlay

### For New Plants

Businessmen will pay out something like 4,100,000,000 of their depreciated dollars for additional elbow room during the first quarter of 1948, the government's tireless fact-finders have estimated. The \$4,100,000,000 outlay for new plants and equipment represents a slight drop from fourth-quarter estimates, but it is still about a billion dollars more than industry spent during the first quarter of 1947.

This continuing high rate of industrial expansion—twice the 1941 level and 800 per cent above 1929—should come as no surprise to manufacturers of capital goods, some of whom are now booking orders into 1952.

Despite this tremendous investment in new productive facilities, industry apparently will have to do even more to meet President Truman's latest goal. While cheerfully encouraging businessmen to invest \$50,000,000,000 in new facilities the Chief Executive asked for the imposition of higher corporate taxes.

« « » »

### Lumber Yards

### Luring Female

### Buyers, Too

Consumer goods manufacturers, in casting about for new and competitively stronger distribution channels, are taking a long look at the nation's 25,000 retail lumber yards. Here's why:

Once a sawdust-strewn haven for men only, the average lumber yard is slicking up its exterior in a grand campaign to haul in female as well as male customers. Floors are being scrubbed. In front offices, panelled walls, soft lighting, and shiny showcases are replacing hard, unfinished counters.

Thus refurbished, lumber yards have become a surprisingly effective marketplace for an imposing assortment of consumer wares. Now they are retailing every kind of electric home appliance, plus kitchen cabinets, door chimes, home and garden furniture, lighting fixtures and bathroom equipment.

The new departure stems from the understandable fact that lumber yards have had too little lumber to sell since the war. The addition of new lines was a natural step, and with the encouragement of manufacturers the yards are grabbing more and more consumer business.





## INDUSTRIAL DEVELOPMENTS

IN THE CHICAGO AREA

**I**NDUSTRIAL developments in the Chicago industrial area in January, 1948, totaled \$12,126,000, compared with \$4,867,000 in January, 1947, and \$10,470,000 for January, 1946. These developments included new construction, expansion of existing plants, and the purchase of land and buildings for industrial purposes.

**Corn Products Refining Company**, Argo, Ill., is constructing substantial additions to its plant. The company has also purchased approximately 80 acres of vacant land at the northwest corner of Archer avenue and 67th street. Sargent and Lundy, engineers.

**Sunbeam Corporation**, 5600 W. Roosevelt road, has begun construction of a large plant one block east of its present location. The plant will contain 160,000 square feet of floor area and will be operated in addition to the headquarters plant and the unit located at 4433 W. Ogden avenue. Sunbeam Corporation manufactures electrical household appliances. Olsen and Urbain, architects; Campbell-Lowrie-Lautermilch Corporation, general contractors.

**Joseph Kirk Company**, 725 W. 31st street, has begun construction of a large expansion of its 31st street plant. The total additional floor area in both plants will be approximately 150,000 square feet. The company manufactures barrels and steel drums.

**Frank G. Hough Company**, Libertyville, manufacturer of excavating machinery, has started construction of a large building adjacent to its present plant. E. O. Sessions Engineering Company, engineers.

**Pheoll Manufacturing Company**, 5700 W. Roosevelt road, manufacturer of screws, bolts and nuts, has purchased approximately 12 acres of land on Ogden avenue near 59th avenue.

**Illinois Tool Works** has purchased a 43-acre site on the outskirts of Elgin, Ill., on which it has started construction of the first unit of a large plant.

**Armstrong Paint and Varnish Works**, 1330 S. Kilbourn avenue, has a two-story addition to its plant under construction.

**Perkins Products Company**, 5535 W. 65th street, manufacturer of edible products, has purchased a 10-acre site on which it will build a plant containing 100,000 square feet of floor space. The new site is on 74th street, between Rockwell street and California avenue. E. O. Sessions Engineering Company, architect and engineer.

**Federated Metals Division** of American Smelting and Refining Company, non-ferrous smelters, is enlarging several buildings and modifying the plant layout and equipment at Whiting, Ind.

**Standard Brands, Inc.**, has started construction of an addition to its plant at 3700 W. Fillmore street.

**American Brake Shoe Company**, which operates five plants in the Chicago area, is expanding one of its buildings at 4544 W. 26th street.

**Webster-Chicago Corporation**, 5610 W. Bloomingdale avenue, has started construction of a one-story addition to its plant. The company produces tools, dies and metal stampings. Shaw, Metz and Dolio, architects; Campbell-Lowrie-Lautermilch Corporation, general contractors.

**Storkline Furniture Corporation** has purchased a two-story factory building at 4418-28 W. 26th street adjacent to the company's plant and office.

**Metallizing Company of America**, 1330 W. Congress street, has purchased a group of buildings containing 30,000 square feet of floor area at 3520 W. Carroll avenue. Hart and Whetson and J. J. Harrington and Company, brokers.

**Canteen Company** has purchased a one-story building at the corner of Gladys and Kilpatrick avenues. The building contains 31,000 square feet of floor area.

**C.S.M. Screw Products Company**, 2927 W. Fullerton avenue, has purchased one of the two-story units of the J. P. Marsh Corporation at 2105 Southport avenue.

**Automatic Bending Company**, 1047 E. 76th street, fabricator of metal specialties, has purchased a building in South Holland, Ill., to be used as a branch plant.

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U. S. Fibre Products Company, a newly organized firm, has purchased a plant at the corner of North Branch street, at Cherry and Blackhawk streets. The company is engaged in processing cotton fibre.

Tractomotive Corporation will construct a plant on a ten-acre site on County Line road in Deerfield, Ill. The first unit of this factory will consist of approximately 25,000 square feet.

Chicago Metal Hose Corporation, Maywood, Ill., is expanding its branch plant in Elgin. The added space will be used for the fabrication of brass specialties used in refrigerators and automobile radiators.

Mell-Hoffmann Manufacturing Company, 1827 W. Webster avenue, has started construction of a warehouse addition to its factory. The company produces household items and also does miscellaneous metal fabrication.

## Farming From A Swivel Chair

(Continued from page 19)

managers who operate land of their own. He buys land that fails to pay, treats it scientifically, and by making one rejuvenated tract pay for the next, has acquired large personal holdings.

Since fees usually increase in proportion to profits, it might be assumed that the managers urge the planting of highly-profitable but soil-depleting crops, like corn and soybeans. "This is not the case," says Walter W. McLaughlin, a farm manager of Decatur, Ill. "In almost all cases, farm managers have raised the standard of rotations and fertility on non-resident-owned farms." Members who violate the professional code are dropped from the rolls of the farm managers society. A good manager considers the long-term security of a farm, not momentary profits.

Increasingly they are able to impress the importance of good rotations upon tenants and owners. There still are landlords, however, who expect a farm to pay for a family tour of South America or Europe every year. But, fortunately for the welfare of agriculture, owners of this type are far in minority.

Once a farm has been clinic treated, the manager must select a tenant. In the cash-grain belt this is relatively simple, but in livestock areas good tenants are scarce. "The ratio is 20 to one," according to manager Johnson. "One can develop a good cash-grain farmer, but a good livestock man must be born."

Livestock farming requires a man who not only understands crop production, but who has the skill and knowledge to make meat production successful. He must also stay on the job every day of the week. Good livestock men soon become land owners, for the efficient operator earns a much higher income than the cash-grain farmer. On the other hand, the inexperienced man who attempts to handle livestock can fall considerably harder there than in cash grains. This explains, in part, why many managers prefer to handle cash-grain farms.

Disputes between landlords and tenants are chronic. Often the tenant wants to plant a large acreage in profitable

cash crops, while the landlord to conserve the soil, desires a small acreage. In cases like this the manager is the referee. Where farm management is being introduced, tenants sometimes resent being "bossed," but this friction usually disappears as tenants come to realize they need all the help the manager can provide.

Today, farm implement manufacturers have developed equipment enabling a man to handle twice the acreage he could 25 years ago. But labor savings has involved only field operations. To step up the efficiency of chore jobs and other small tasks, farm managers have introduced modern time-study methods, which help a tenant to work out new chore routines and cut work to a minimum.

Managers keep detailed financial accounts, a matter in which farm families have been particularly lax. Many owner-operators in diversified farming areas do not have a clear picture indicating which crops made money and which failed. They lack complete figures on feed and other expenditures.

Modern farming records must indicate more than mere receipts and expenditures for income tax purposes. Comparative profit records from the farms under his supervision enable a manager to determine the relative efficiency of his tenants. When inefficient operations are thus exposed, individual projects can be analyzed and the trouble nailed down.

During the '20s and '30s, considerable resentment arose against non-resident farm ownership. Tenant operation speeded the depreciation of soil resources, for a renter was seldom concerned with erosion problems. Furthermore, tenancy created a serious sociological headache. A tenant who might be asked to move when his yearly contract expired was a highly unsettled member of the community. Too often he became a native-born "displaced person."

Dissatisfaction with the landlord system prompted a series of indirect penalties imposed by state legislatures. The homestead exemption tax was one. While exemptions are relatively small,



the law could in the future be extended to put non-resident ownership at a real disadvantage.

Responsible landlords have more than offset the shortcomings of tenant farming. They have supplied adequate capital to put "sick" farms on their feet, revitalized farmsteads, and in many cases provided tenants with the best homes they have ever enjoyed. Now through farm managers, landlords are contributing heavily to the welfare of agriculture generally.

Over the years government intervention has been deemed necessary to bring agricultural production and prices into balance. However, the economically-sound solution to intermittently low prices is greater efficiency on the farm. Farm managers, in accomplishing this efficiency, are filling a need in agriculture. In so doing they have steadily broadened the market for their services. Their role in our agricultural economy promises to grow.

## Industry "Stands By"

(Continued from page 17)

tary Establishment, now the legal title of the merged armed services.

4. The civilian-manned National Securities Resources Board, which reports only to the President, represents a new departure in the nation's preparedness set-up. In the past, military planning has been largely the responsibility of the armed services, with civilians—industrialists and businessmen—stepping in when the shooting started. The new slant, ostensibly, is that civilians will now participate heavily in the actual planning for future mobilization.

The relationship between the armed services' Munitions Board and the civilian Resources Board may best be explained in terms of World War II administrative machinery: the Munitions Board, as procurement coordinator and planner of the military aspects of industrial mobilization, will fill the role of a "claimant" agency, much as wartime agencies were "claimants" for goods before the WPB. At the same time, however, the board will develop detailed plans for lesser administrative agencies which would perform the wartime functions of the OPA, ODT and a score of other alphabetical agencies.

Top man on the Resources Board is Arthur M. Hill, former Greyhound Corporation executive, one time chairman of NRA's Motor Bus Code Authority, a wartime Navy assistant handling transportation problems, and Navy rubber director. Other members are the secretaries of the treasury, defense, interior, agriculture, commerce and labor.

The board's responsibilities are broadly defined in the security law, which directs it to formulate plans and policies,



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for Presidential consideration, looking toward the coordination of military, industrial and civilian mobilization. This embraces:

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"3. Policies for unifying, in time of war, the activities of federal agencies and departments engaged in or concerned with production, procurement, distribution, or transportation of military or civilian supplies, materials and products;

"4. The relationship between potential supplies of, and potential requirements for, manpower, resources, and productive facilities in time of war;

"5. Policies for establishing adequate reserves of strategic and critical material, and for the conservation of these reserves;

"6. The strategic relocation of industries, services, government, and economic activities, the continuous operation of which is essential to the nation's security."

### Plans Are Flexible

Actually, such a program was under way before the new law was enacted last Summer. With a \$2,000,000,000 Congressional appropriation, the Munitions Board had begun stockpiling strategic raw materials. Estimates of the needs of the armed forces for a possible third world war have been prepared. It is highly flexible, of course, for no one knows what weapons may yet be developed. Formation of industry advisory committees for industrial mobilization was begun by the old Army-Navy Munitions Board more than a year ago.

For years, military planners have winced at the vulnerability of the nation's industrial plants, exposed as they are to swift aerial attack. On the basis of a survey of potential underground sites, the Army cautiously announced last May the "availability of several hundred million square feet of usable underground sites in existing mines." Army engineers have inspected wrecked enemy industries in their effort to develop "protective construction" plans for essential U. S. war plants. The Army and Navy earmarked 77 government-owned plants requiring "stand-by" maintenance as a prerequisite for private leasing.

Some problems of industrial mobilization  
(Continued on page 45)

## ADVERTISERS RATE and DATA GUIDE 1948 Issue—23rd Annual Edition

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# TRANSPORTATION and TRAFFIC



**A** NEW YEAR'S present in the form of a further increase in freight rates was awarded the railroads on December 30, 1947, by the Interstate Commerce Commission in Ex Parte No. 166. The commission's order authorized a 20 per cent interim increase in freight charges instead of the 10 per cent increase which became effective on October 13, 1947. The 20 per cent freight rate boost became effective on interstate traffic January 5, 1948, on five days notice, and will remain in effect until June 30, 1948. Line haul rates on coal, coke and lignite were increased 20 cents per net ton and 22 cents per gross ton. The commission in their order pointed out that there would be many instances in which the 20 per cent interim increase would exceed the maximums set in the carriers' petition of September 5, 1947, but, that the carriers' previous agreement to pay reparation in those instances should be observed. On the protest of many shippers that such reparation claims would be numerous and costly, the carriers requested and were granted authority to publish the maximums proposed in their petition of September 5, 1947, for application in connection with the interim increase, except on iron and steel and their products on which the maximums proposed in the December 3, 1947, petition are observed. In the petition of December 3, 1947, the carriers proposed maximum increases on iron and steel of 11 cents per cwt., or \$2.20 per ton, net or gross as rated. The I.C.C. ordered that this same maximum be observed on aluminum, copper, lead and zinc and corresponding products of such non-ferrous metals, including scrap. The maximums were published by the carriers in Supplement No. 4 to Tariff of Emergency Charges No. X-166, effective January 13, 1948. The 20 per cent freight rate hike is to provide the railroads some additional revenue to meet increased operating expenses. In the meantime the commission is carefully considering the evidence submitted in the full Ex Parte No. 166 freight rate increase request. This full request is for a 40 per cent increase in rates from, to and within official territory and a 30 per cent increase

within and between southern and western territories. Most of the state commissions have authorized or are considering authorizing the 20 per cent increase for application on intrastate traffic. The Illinois Commerce Commission granted the increase, with certain exceptions, effective January 19, 1948, on five days' notice.

**Express Rates Increased January 22:** The Railway Express Agency, Inc., has issued tariffs increasing their first class rates 10 per cent and the second class rates to 75 per cent of the increased first class rates. The increases became effective on January 22, 1948. The request for increases in other rates and charges, including third class rates, commodity rates, and refrigeration, C.O.D. and minimum charges, has been assigned for investigation and hearing by the I.C.C.

**House Passes Overcharge-Undercharge Bill:** The House has passed H.R. 2759, a bill to provide a two-year time limit for the bringing of action to recover overcharges by and against motor and water carriers and freight forwarders. This is the same time limit now provided in the Interstate Commerce Act in which similar action may be brought against rail carriers. A companion bill, S. 1194, is expected to be given early consideration in the Senate. A tariff rule published by the Midwest Motor Freight Bureau, Inc., providing a time limitation of two years for the filing of overcharge claims, was suspended by the Interstate Commerce Commission on the complaint of the Chicago Association of Commerce and Industry and other groups. The association's suspension request stated that it was unreasonable and unlawful for the carriers to attempt to publish such a period of limitation by tariff rule, particularly when the effect of the rule would be to the benefit of the carriers in restricting their obligation to refund excess charges while at the same time continuing the longer period of time provided by state law for the collection of undercharges from shippers.

**Protest Proposed Increases on Combination Rates:** The Chicago Association of Commerce and Industry and the National Industrial Traffic League



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have filed petitions with the Interstate Commerce Commission seeking suspension of amended Rule 7 to Tariff of Emergency Charges No. X-162-A scheduled to become effective January 31, 1948. The new rule provides that when rates are made on a combination of separately stated rates, the maximum or specific increases named in Items 15 to 299 of the tariff will be applied to each individual factor of such combination. The association's petition said "the mere method of rate publication should not be used as a basis for penalizing shipments moving under such rates nor subject such rates to increases double those that would apply if the carriers had published such rates as single factor through rates. To apply a double increase to such combination factor rates is unreasonable and unlawful in violation of Section I of the act and subjects the shippers required to use such combination rates to undue prejudice in violation of Section 3."

**Carloadings in 1947 up 7.6 Per Cent:**

The Association of American Railroads reports that revenue carloadings during 1947 totalled 44,503,349 cars, an increase of 7.6 per cent over 1946 and 6.2 per cent over 1945. Merchandise L.C.L. loadings totalled 6,072,547 cars, a drop of 4.0 per cent under 1946, but 9.8 per cent over 1945. Col. J. Monroe Johnson, Director of the Office of Defense Transportation, in a recent statement said that authoritative sources predict tonnage in 1948 will be substantially at or above the 1947 level. He urged continued cooperation of both shippers and carriers so that utilization of transportation facilities in 1948 would be even greater than in 1947.

**Ex-President's Prescription***(Continued from page 22)*

ing taxpayer costs in the United States. It may be said that Germany cannot do this and export coal to the 16 nations. Pending increase in Ruhr coal, some increase in United States coal exports might be found to be better. The same policies should be applied to fertilizers and to oil refining in Germany.

Fourth, the estimates of over \$650,000,000 of petroleum supplies to the 16 nations for the next 15 months represent a considerable increase over the last 15 months and would seem to be greater than the supply. Pending development in the Persian Gulf, the world is already short of oil and there seems no source for any such an increase.

Fifth, inquiry might be made into methods of relieving the United States Treasury of some of this cost through collateral loans by, say, the RFC or by the Export-Import Bank.

There are citizens in some of these European states who have large private property in the United States and in



other parts of the Western Hemisphere. Prior to the war, the British government collected a group of such investments and borrowed money on them in the United States. There are large sums of this character still outstanding, and they could be collected by the various European governments, paying their citizens in their own bonds; these assets could then be pledged as security for loans in the United States. If there is protest that taking over these privately held resources is a hardship to the owners, it may be pointed out that the alternative is a far greater hardship for the American taxpayer.

Sixth, some expansion of private enterprise in supplying capital goods to the 16 nations, and thus relief to the United States Treasury, might be found in the use of foreign currencies realized from the sale by the recipient countries of United States goods coming to them as gifts or grants.

### "Loans" or "Gifts"?

My suggestion here is that if these funds were to be used in the aided countries to pay for labor and domestic materials in productive works, there should be thus created an equity upon which American private enterprise could furnish necessary imports of capital goods.

Seventh, it is proposed that this nearly \$9,000,000,000 in 15 months shall be by grants which are gifts, as well as by loans. I suggest the Congress should define some general principles of distinction between gifts and loans.

There are economic as well as political reasons why such "loans" will not, and cannot, be repaid. We will act more intelligently if within the minds of our own people and those of the recipient peoples we separate our gifts from our loans. We should separate charity from business.

That division can be made clear if we confine our gifts to the actual American surplus of consumption goods such as food, coal, fertilizers and cotton (not for re-export), which are essential to maintain life. While giving these away will be privation, yet we can reproduce the agricultural products and we have ample future resources in coal and some fertilizers. The total of such relief goods from the United States during this 15 months might amount to \$3,000,000,000. The relief exports to Germany, Japan and Korea should be a first charge on all reparations.

Eighth, I do not believe we should be called upon to make gifts or grants of steel and other capital goods. They can be paid for out of the increased productivity which they create.

In the program of proposed supplies to the 16 countries from the United States; nearly \$1,000,000,000 are capital

goods. Aside from the portion which can be financed by private enterprise, such goods should be financed by the Export-Import Bank or the World Bank whose independence of decision should not be modified under the present set-up as they can continue to take specific and ultimately reliable securities payable from the increased production they create.

Ninth, I do not believe we should make gifts or grants of American money to pay for goods from other countries.

The program of supplies apparently calls for a large part of \$3,500,000,000 of Western Hemisphere goods to be purchased with American money from Canada, Argentina and other Western Hemisphere states. Of this amount, under \$200,000,000 represents capital goods, the rest being mostly agricultural products. As the latter represents surplus production of the other Western Hemisphere countries, it would appear that they should be anxious to sell and, no doubt, to cooperate in creating world stability. It would seem, therefore, that these states should extend credits to the 16 countries for such goods.

With these various suggestions I believe it is possible considerably to reduce the burden upon our citizens and at the same time to assure the accomplishment of our national purpose.

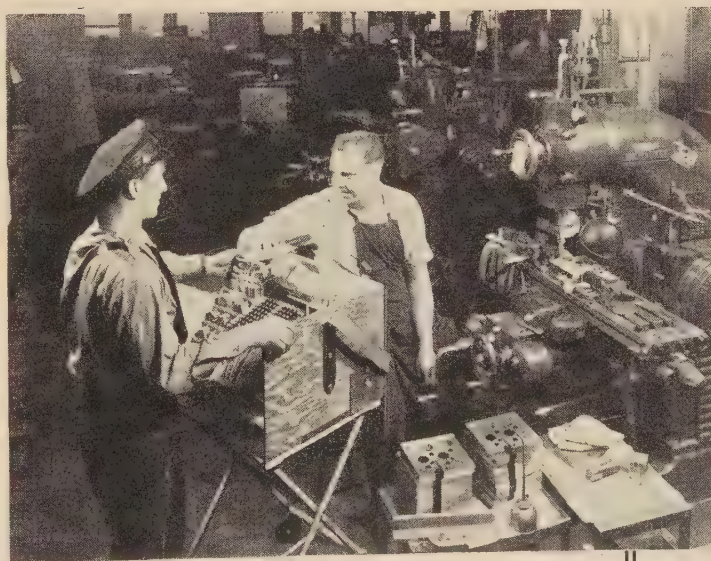
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### Termite Spray

A "built-in" home termite spray system has been developed by W. B. Hill of the Hill Termite Control Systems, Memphis, Tenn. The system consists of a series of slotted pipes installed during construction that reach into inaccessible areas, including dirt-filled porches, steps, and fireplaces. Annually thereafter, a perforated pipe is slipped into the slotted pipes and hidden areas can be treated with chemical toxic blown through openings in the pipes.

### New Synthetic Rubber

United States Rubber Company of New York has announced the development of a new synthetic rubber that is believed to be "at least equal to natural" when used in tire treads. The improved synthetic, according to the company, is made possible through a sharp reduction in the temperature of the chemical reaction that occurs when the synthetic is produced from butadiene and styrene. The new rubber is made at temperatures between zero and 40 degrees F., instead of at the customary 125 degrees.

### Hydraulic Car Jack

A portable, hydraulic car jack, that can be conveniently stored in an automobile luggage compartment, has been introduced by Zamax Manufacturing Company, Haverstraw, N. Y. The new jack offers a lifting range of from four to 17 inches, a load capacity of one ton plus a safety margin, and lifts all cars and light trucks including 1948 models.

### "Ventilated" Desks

A desk that offers added ventilation for perspiring executives is being offered by S. Nemes, Chicago office furniture designers. The trick here is that the new desk carries a removable, grill-type rear panel through which fresh air flows to overheated feet and legs.

### Ignition "Raincoat"

You will be able to keep dampness and dirt from the ignition of your automobile with a new synthetic rubber ignition shield developed by Chrysler Corporation, Detroit, Mich. Designed to prevent stalling after rains or wash jobs, the new shield has mounting bases that serve both as spark plug gaskets and boots to keep water clear of plugs. Distributor-cap nipples and a flexible plastic ignition coil complete the "MoPar Evr-Dry" kit.

### Anti-Termite Paint

An outside naphthenate paint, which when used on boat hulls is said to kill marine bugs and termites and also repel dry rot, has been developed by Nu-Oil

Paint Company, San Diego, Calif. The paint is made in a variety of colors and, according to the company, is adaptable for seal-coating concrete blocks and other porous surfaces.

### Temperature Controllers

A new line of inexpensive temperature controllers that may be used with electric and gas heating units is being offered by K. H. Huppert Company of Chicago. The temperature controller, called "Infritrol," permits\* only a small portion of current to pass through the heating elements, hence the company says no current is wasted. Gas equipment is controlled through a solenoid valve.

### Reciprocal Compressors

A new line of "customized" reciprocal compressors, ranging from five to 100 horsepower, has been introduced by Carrier Corporation, Syracuse, N. Y. They are designed for either air conditioning or low temperature duties, operate at higher speeds and are about half the size and weight of their predecessors, according to Carrier. They can be assembled in more than 1,000 different combinations, making it possible to "custom tailor" each complete unit.

### Portable Paint Sprayer

A completely portable electric paint sprayer that claims to give professional results even when used by an amateur has been developed by the H. D. Hudson Manufacturing Company of Chicago. The new sprayer is said to save time, paint, and money in painting screens, radiators, furniture, auto bodies, and in light production spraying in factories.

### "Glass" Wood

Prest-Glass, Incorporated, of New York has created a laminated glass and plastic building material that, according to the company, can be nailed or stapled without cracking, that shapes to fit curved surfaces, and is noncombustible and mildew resistant. Cleaned by soap and water, "Prest-Glass" is offered in opaque and translucent panels of varying widths, and in heights up to eight feet, and in 15 colors.

### Electric Stencil

Marsh Stencil Machine Company, Belleville, Ill., has developed a new electrically-operated stencil that saves time in stencilling addresses on boxes and crates.

### Engine Saver

A new line of crankcase drain plugs with built-in, permanent magnets to trap and hold loose metal particles has



been introduced by the Ford Motor Company of Dearborn, Mich. The new plugs, designed to save engine wear, are made in several models for oil pans, transmissions, or differentials.

### Battery Charger

Schuyler Engineering Service of Chicago has developed a new automobile battery charger for colder climates which mounts permanently in a car, can be plugged into any 115-volt A.C. outlet, and is said to bring a battery up to full charge overnight. The new charger, according to the company, requires only 10 seconds to plug in for operation.

## \$1 Billion In Gadgets

(Continued from page 14)

several hundred thousand to more than 1,000,000 requests can be expected. The necessary box top will be enclosed with about 99 per cent of the responses. One per cent or less will include insufficient money. These figures would apply to an average low cost premium (today 15 cents is about the minimum). On a 15 cent item, the advertiser probably paid between nine and eleven cents for the premium. His postage costs will approximate one or one and one-half cents. Processing costs will range from three to five cents.

After the mail is sorted, the money counted, and the responses qualified, labels are typed, the premiums are packaged and addressed, and a variety of complicated postal regulations are complied with. Proper mailing is extremely important. Throughout the postal system uncounted thousands of "nixies," undeliverable pieces, are constantly floating in limbo. The result is a dissatisfied customer and a heavy, annoying correspondence with persons who did not, or claim that they did not, get their premiums. Speedy handling is also necessary, since many persons (particularly children) begin fretting ten minutes after they mail a letter requesting a premium. If deliveries are actually delayed for several days, a flood of protests arrive to add to the processor's woes. There are also, of course, a certain percentage of legitimate complaints of non-delivery. Speedy handling has another worthwhile result. If little Elmer shows his pals his Miracle Evil Eye Charm, a chain reaction results that greatly increases the response to the premium offer.

For several weeks after a premium offer is officially over, the processor continues to receive responses. These are handled until the volume falls below a prearranged point. After that the letters are turned over to the advertiser for processing.

Polk has handled premium mail for such advertisers as Swift, Cudahy, Pills-

bury, Quaker Oats, Armour, Ovaltine, and many others. Polk handles premium mail in several other cities in addition to Chicago.

Donnelley has handled premium processing for Lever Brothers, Pepsodent, Derby Foods, National Biscuit Company, Seagram Distillers, Swift, Borden, and other firms in the food, drug, soap, and other consumer goods fields. Since a processor can only handle a limited number of campaigns simultaneously, leading advertisers at various times shift processors. Donnelley often helps advertisers settle on the correct packaging for a premium, to assure delivery in good condition and to comply with postal regulations. Packages are often pretested by mailing or by experiments designed to reproduce the roughest handling that might be expected. Although machines have been designed to do some of the processing work, it remains largely a manual operation. Donnelley employs as many as 200 persons in Chicago alone during heavy mail periods.

Premium mail has become such an important factor in the postal system that the Chicago Post Office recently created a new zone—"Chicago 77"—as the address for all premium mail coming to the city. The new zone is expected to increase the efficiency of mail distribution. Part of the reason for setting up this premium address, also, was that

*Whenever  
You Call On*

**CATERPILLAR  
TRACTOR CO.**

*Stop at*  
**Hotel Pere Marquette**

**AMERICAN  
DISTILLING CO.**

*Stop at*  
**Hotel Pere Marquette**

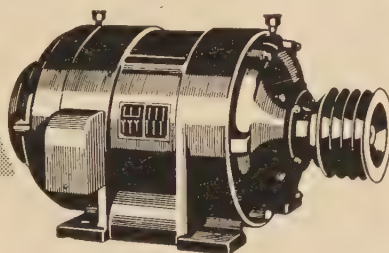
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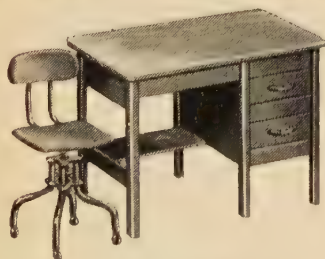
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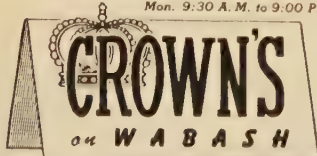
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important letters sometimes went astray. Sizable orders and checks addressed to a company, for example, on occasion were mixed in with thousands of premium responses. During heavy mail periods Donnelley has even received dozens of income tax returns in batches of premium mail.

Growing perhaps even more rapidly than consumer premiums is the use of premium offers within a business organization. Premiums have been used, of course, to inspire salesmen for many years; but today business firms are using a variety of "non-selling" premium techniques.

Beatrice Foods Company, for example, is now in the third year of a continuing plant sanitation program based on the use of premiums. Good housekeeping is a vital matter to all food concerns, and especially to companies in the dairy field. With 169 plants and offices of various types, Beatrice decided that a successful sanitation program must obtain the cooperation of every employee, not just those charged with cleaning operations.

The plan works this way: An outside expert in dairy practices calls unannounced upon the company's plants, and rates them for sanitation. All employees at the various operations are then awarded points based on the rating resulting from the inspection. Employees accumulate the points, and at any time can cash them for premiums in a prize book. A minimum of two inspections a year are made on each plant, and after each inspection points are awarded. In 1946, the total value of the prizes awarded was \$250,000. The program, according to C. H. Haskell, president of Beatrice, "is here to stay . . . it has succeeded in establishing individual responsibility for overall sanitation."

The Beatrice program is one of many planned and executed by Belnap and Thompson, Inc., a Chicago organization that specializes in the use of premiums to boost business efficiency. Thus far during the Beatrice campaign, Belnap and Thompson has shipped more than

50,000 premiums to the homes of more than 8,000 employees.

As a tool in making premium campaigns more effective, Belnap and Thompson has established an "Incentive Center" in the Palmer House in Chicago. The Incentive Center consists of a completely furnished six-room house equipped with all of the necessities and luxuries imaginable. During a premium program, participating firms are allowed to use the Incentive Center—by bringing groups of employees to view the enticing merchandise, for example.

Roy Belnap, president of the firm, lists several ways in which management can use premiums to boost organizational efficiency. Cutting absenteeism can be an objective. Eliminating waste and spoilage and cutting rejections is another. Safety can be promoted through premiums, as can better housekeeping. As prizes for suggestion systems, premiums are better than cash. They cannot be wasted, and the employee's entire family takes an interest in the result. "Management can afford to put the entire savings achieved through an organizational drive into premiums," Belnap says, "since the entire organization is raised to a higher level of efficiency."

A premium campaign involving non-selling employees has been carried on in recent months by Chicago area De Soto dealers. The all-employee campaign has resulted in an 85 per cent increase in sales of parts and service in less than six months. The objective of the campaign is to get employees to beat a daily quota set up for parts and service sales. Everyone participates, from the janitor to the president of the company. All share equally in the points awarded for exceeding the daily quota. Employees then accumulate points until they have enough to obtain the premium they desire.

As the premium business booms along, its merits are being recognized in some highly convincing ways. Reuben H. Donnelley, for example—its own important factor in the premium business—recently used a premium campaign among Donnelley salesmen.

## Here, There and Everywhere

(Continued from page 8)

that could logically be mastered through the oral integration of several primary shades. This latter achievement, it seems safe to predict, should elevate the common gum chewer to the status of a master craftsman.

Origin Regulations," the booklet also lists the customer regulations of various foreign countries. It is available from the Superintendent of Documents, Washington 25, D. C. for 35 cents.

• **Export Manual**—A new booklet explaining how to mark and label goods and containers for overseas shipment has been issued by the Department of Commerce. Entitled "Foreign Marks-of-

• **Electronic Page Boy**—Weary of noise, confusion, and jangled nerves, John Wanamaker's department store in New York has installed an electronic paging system for signaling salesmen in their busiest departments. With the new de-



vice, manufactured by the Stanley and Patterson Division of Faraday Electric Corporation, six salesmen can be paged simultaneously on an electric signal board. The only sound involved is a soft, mellow bell.

• **Business Editors Study**—Business paper editors will return to the classroom beginning this month for a brief refresher course in editorial, advertising, and

promotion problems. The program of evening study on Tuesdays and Thursdays from February 3 to May 13 will be conducted at Northwestern University's Chicago campus under the joint sponsorship of the Associated Business Papers and the university's Medill School of Journalism. The course was planned by Kenneth E. Olson, dean of Medill, and Walter E. Botthof, chairman of ABP's Chicago education committee.

## U. S. Industry "Stands By"

(Continued from page 38)

tion require further action by Congress. This is particularly true of rubber supply. Now, it appears that Congress will defer decision on the disposition of the government's synthetic rubber industry for at least another year.

Some appreciation of the extent of preparedness activity may be gained from a speech by Chairman Hill in Washington last December. As one illustration, he emphasized the problem of balancing requirements and supplies in materials, a task he termed "most critical." "Material resources," he said, "can be calculated with some degree of certainty and precision, and that calculation is our first and most urgent task. The object is an inventory of potential supply, a comparison of that inventory with estimated requirements, and determination of the steps to be taken to overcome any foreseeable shortages. . . .

"This leads to the question of accessibility," Mr. Hill continued, "and a thorough analysis of the transportation factor—existing and potential. Each study must weigh the possibility of technological improvements in extraction and processing, of possible substitutes and use of synthetics. Normal civilian consumption and estimated civilian requirements in wartime and estimated military requirements must be compared with potential supply."

The Resources Board is also attacking foreseeable manpower problems—worker housing, conversion of skills, apprentice training, educational and training facilities and the occupational distribution of workers. Probably with a measure of reluctance, it is likewise charting a whole new set of wartime controls for businessmen, workers, and housewives. This inevitable planning covers prices, rationing, profits, flow of materials, and elimination of non-essential production.

Obviously, this broad-level program cannot be telescoped into a single document. Nevertheless, there will be a master economic mobilization plan. But at the Resources Board level, planning will be fluid and subject to change as necessity requires.

Industry will move closer to practical problems in dealing with the Munitions

Board. This board's big job is to survey and catalog the war potential of individual plants, their needs in terms of materials and manpower, the availability of skilled personnel like managers and scientists, and the possibilities of rapid expansion. Hand in hand with this cataloging and blueprinting job is the task of preserving the "know-how" in arms and armaments which reinforced American fighting forces with decisive American production in World War II. As time erodes special wartime skills and removes or disperses key personnel, this task is magnified.

On the theory that "practice makes perfect," military planning, since pre-World War II days, has incorporated the so-called "educational order." Thus, a limited amount of war production is undertaken by a manufacturing plant, while it is turning out its customary peacetime goods.

The basic need for this kind of cooperation is readily apparent. Once upon a time there was a school of official thought which held that stand-by plants should be kept ready at all times for war production and should not operate in competition with existing industrial plants. But if these stand-by factories were kept closed—without peacetime personnel, it probably would take longer to get them going than to accomplish a quick conversion job on an existing plant fully manned in peacetime production. Hence, the idea of "dual production lines" for peace and war, side by side—the line for war goods being a small one for "educational" purposes.

As yet, not much can be done on educational orders in anticipation of a future war. The emphasis right now is on research and development of weapons. Educational orders on new weapons won't be practical until such weapons are advanced to the point where it can be determined whether their mass production will be required in a possible new war.

In the nation's new security organization, the military-manned Research and Development Board likewise envisions broad problems. What major scientific projects have military worth? That question often leads to a second: What gaps in scientific information must be filled

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10 A. M. is a nice time to start thinking about your business' future . . . what to do about that ailing territory . . . about that stubborn (but good) salesman . . . even about your advertising!

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through basic research before progress can be made on larger problems? This whole program, dealing in highly-classified scientific matters, is understandably secret. However, Major General Henry S. Aurand, director of the Army's research and development division, recently gave an inkling of its importance.

"No outstanding equipment developments have been completed during the past war," he said. "We are still digging for additional basic knowledge to supplant what we used so freely and desperately during the past war. However, a few significant projects are scheduled for completion within the next two years. Emphasis in these developments has been placed on making major or radical advances, as against minor improvements or gadgeteering as it is commonly called. Emphasis has been put on these criteria for any developed end items:

**"Air transportability.** Equipment and weapons as well as men should be capable of being transported by air.

**"Effective operation of equipment** under extremes of climate and terrain. Field experiences have shown that changes in climate vary greatly the effectiveness of equipment. Therefore, our future weapons and equipment should be capable of operating with minor changes in wet or dry climates over a temperature range of from 120 degrees to minus 65 degrees Fahrenheit, and a storage range of from plus 160 degrees to minus 80 degrees Fahrenheit.

**"Higher degree of standardization and interchangeability of parts.** The logistics of supplying and repairing hundreds of thousands of items at tremendous distances from home factories presents a staggering problem which a higher degree of standardization and interchangeability would alleviate.

**"Substitute materials.** Critical shortages of key materials plagued our supply people throughout the last war. Clearly, our new equipment and weapons should be designed for fabrication in alternate materials. This would allow for greater flexibility in production and would permit us to use more fully some of the lightweight metals and plastics.

**"Adaptability to quantity production.** On the basis of wartime experience, we can expect a continued trend towards greater mechanization, toward the use of more complex machines and toward the introduction of new weapons such as the spectacular atom bomb, guided missiles and jet-propelled planes. At the same time, we will have less time to convert to war production in a future technological war and probably be hampered by serious damage or complete obliteration of much of our industrial capacity. It is essential that our new weapons eliminate hand work and stress simplicity of design to be readily adaptable to production lines in case of attack."

An important goal of the research

program, General Aurand disclosed, is powerful poisons. "Because gas was not used in the last war does not mean that it may not be used in the future," he said, adding "Our thought is geared to the discovery of agents many times the toxicity of those of World War I—not improved agents, but agents much more powerful."

On equipment, the General had this to say: "The chemical corps is scheduled to complete within the next two years a leakproof gas mask approximately one million times more effective than the present service mask against the new toxic agents and radioactive dust."

There are numerous other programs in the development stage which will have important effects upon industrial preparedness. Aviation is one. As part of the nation's air program, Congress will be asked to provide a long-range acquisition program in order to give stability to the aircraft industry in peacetime.

Preparedness has also turned up during discussions of tariffs under the reciprocal trade program, and during deliberations on the "Marshall Plan" for European economic aid. Here it is a question of stockpiling strategic raw materials. At the behest of the armed services, a Congressional committee has recommended that we explore the possibility of obtaining mineral resources in partial repayment for American overseas aid.

In fact, scarcely a discussion arises in Washington today, be it in cocktail lounge or Congressional cloakroom, that does not involve military preparedness in some fashion or another. At a time when atomic warfare of adventure-book proportions threatens momentarily, civilian, military, and political attention is again focusing on America's unmatched industrial strength. Prepared, it will remain strong. Without planning it can deteriorate catastrophically.

As yet, the average businessman has not become a vital factor in this overall preparedness program. It is true that many businessmen, lacking a clear explanation of how they can help, feel they have been abandoned by the military planners they assisted so mightily between 1941 and 1945. Now, however, the National Security Resources Board promises some real enlightenment. It will soon publish a standard set of directions answering the question: What can the individual businessman do to help the nation's industrial mobilization program? The booklet, according to the NSRB, will be along in a few months.

Meanwhile, businessmen who want to know more about a specific mobilization problem would do best to direct their queries to the operating head of the Resources Board—Arthur M. Hill, Chairman, National Security Resources Board, Pentagon Building, Washington 25, D. C.



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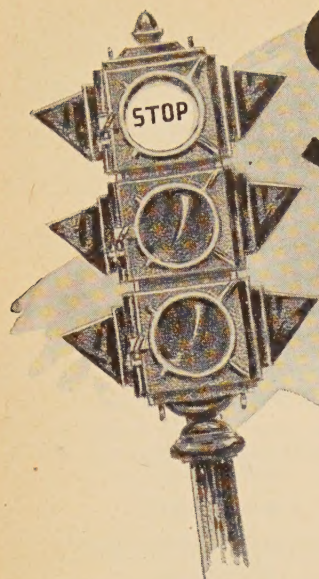
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 Phone Day and Night—KEDzie 5250





# STOP ME-IF—

A glamorous Hollywood star had her picture taken. She fumed at the result.

"I can't understand it," she screamed. "The last time I posed for you, the photographs were heavenly."

"Ah, yes," the cameraman replied. "But you must remember that I was eight years younger then."

\* \* \*

The tiny boy had been taken for an automobile ride by a friend of the family. On his return his mother said to him, "Did you thank Mr. Banks for taking you for a ride?"

There was no reply. The mother repeated her question, but still there was no answer. "Jimmie," she said, "did you hear me? Did you thank Mr. Banks for taking you for a ride?"

"Yes," whispered Jimmie, "but he told me not to mention it."

\* \* \*

"Does your husband talk in his sleep?"

"No, and it's terribly exasperating! He just grins."

\* \* \*

Mother was entertaining her bridge club when the pattering of tiny feet was heard on the stairs. She raised her hand for silence. "Hush! The children are about to deliver their good night message. It always gives me such a humble feeling to hear them. Listen!"

There was a moment of silence—then shyly: "Mama, Willie found a bedbug!"

Little Johnny's mother had just presented the family with twins, and the household was in a state of excitement. Father beamed with pride as he took Johnny on one side.

"If you'll tell your teacher about it, I'm sure she will give you a day's holiday," he said.

That afternoon Johnny came home radiant. "I don't have to go to school tomorrow," he announced proudly.

"Did you tell your teacher about the twins?" asked his father.

"No, I just told her I had a baby sister. I'm saving the other for next week."

\* \* \*

A fearless and athletic man was going home late one night. He was warned not to go the usual way, as there had been several holdups.

He went just the same, and presently was met by a man who asked him what time it was. Thinking that this was the prelude to a holdup, he hit him a heavy blow, and said: "It has just struck one."

"Begorrah," was the reply, "I'm glad I didn't ask you an hour ago."

\* \* \*

Doctor: "Wait a minute, I didn't tell you to say ah-h-h."

Patient: "I know you didn't. I just saw the nurse."

\* \* \*

Wife, angrily: "And I suppose you expect me to believe that you came straight home from the office?"

Husband: "Sure did; just like the crow flies."

Wife: "Yes, so I see; stopping frequently for a little corn."

\* \* \*

Farmer: "You can't go wrong on this mare, sir. She's sound, gentle, a good worker and a fine saddle horse."

City Slicker: "What I want to know, is she tender?"

\* \* \*

White Collar Man: One who carries his lunch in a briefcase instead of a pail.

\* \* \*

Judge: "How does your wife irritate you?"

Husband: "Why, she keeps saying: 'Hit me! Go on, hit me, and I'll have you hauled up before that bald-headed old reprobate judge and see what he'll do with you!'"

Judge: "Prisoner discharged."

"Now," the lecturer asked, "is there a man in the audience who would let his wife be slandered and say nothing? If so, stand up."

A meek little man rose to his feet.

The lecturer glared at him. "Do you mean to say you would let your wife be slandered and say nothing?" she cried.

"I'm sorry," the little man apologized. "I thought you said slaughtered."

\* \* \*

Two Englishmen, calling late at night at a Scottish inn, were dismayed to find that the house was full. But the kindly kirk beadle, hearing of their plight, very generously offered to bed them down for the night in the church. He departed with the travelers.

At about 2 a.m. there came a wild clanging of the church bell, and the clerk of the hotel rushed to the church thinking it must be on fire.

In a little while he returned to the inn. "It's a'richt," he reported. "Two large whiskies and soda for Pew No. 2."

\* \* \*

Husband: "When anything goes wrong around our house, I just get busy and fix it."

Wife: "Yeah? Since you fixed the clock, the cuckoo backs out and asks: 'What time is it?'"

\* \* \*

During a conversation with an old friend he hadn't seen for some time, a Florida farmer asked how he had been sleeping.

"I sleep good nights," he said, "and I sleep pretty good mornings, but afternoons I just seem to twist and turn."

\* \* \*

"Why did you shoot your husband?"  
"We couldn't afford a divorce."

\* \* \*

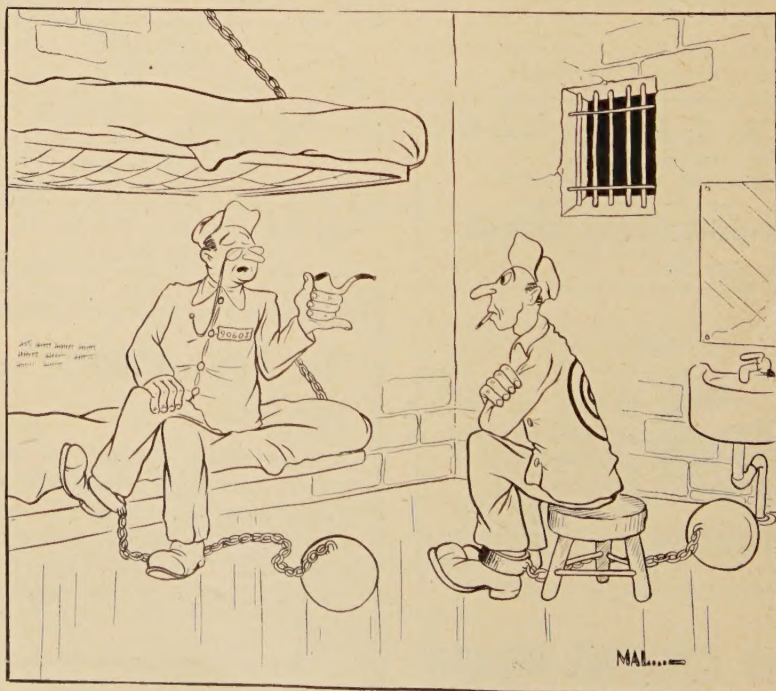
One of the boys who just got back from a southern trip tells how he heard a couple of colored fellows talking about a divorce one of them just received.

"An' what about dat house you an' your woman got?" asked the friend of the lately liberated chap. "What you do wid dat, huh?"

"We splits it up—fifty-fifty."

"Divides yo' house? How you do dat?"

"Fifty-fifty. Ah takes de outside, she takes de inside."



"Well, up to the time the auditors made such a terrible fuss, everything was going along fine at the bank."